

STATE OF MINNESOTA

EIGHTY-EIGHTH SESSION — 2014

SEVENTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, FRIDAY, MARCH 28, 2014

The House of Representatives convened at 12:00 noon and was called to order by Melissa Hortman, Speaker pro tempore.

Prayer was offered by the Reverend Kevin Schill, Grace United Methodist Church, Burnsville, 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:

Albright	Dettmer	Hansen	Lesch	Myhra	Sawatzky
Allen	Dill	Hausman	Liebling	Nelson	Schoen
Anderson, M.	Dorholt	Hertaus	Lien	Newton	Schomacker
Anderson, S.	Drazkowski	Holberg	Lillie	Nornes	Scott
Anzelc	Erhardt	Hornstein	Loeffler	Norton	Selcer
Atkins	Erickson, R.	Hortman	Loon	O'Driscoll	Simon
Beard	Erickson, S.	Howe	Mahoney	O'Neill	Simonson
Benson, J.	Fabian	Huntley	Mariani	Paymar	Slocum
Benson, M.	Falk	Isaacson	Marquart	Pelowski	Sundin
Bernardy	Faust	Johnson, B.	Masin	Peppin	Theis
Bly	Fischer	Johnson, C.	McDonald	Persell	Uglen
Brynaert	Franson	Johnson, S.	McNamar	Poppe	Urdahl
Carlson	Freiberg	Kahn	McNamara	Pugh	Ward, J.A.
Clark	Fritz	Kieffer	Metsa	Radinovich	Wills
Cornish	Garofalo	Kiel	Moran	Rosenthal	Winkler
Daudt	Gunther	Laine	Morgan	Runbeck	Woodard
Davnie	Hackbarth	Leidiger	Mullery	Sanders	Yarusso
Dehn, R.	Halverson	Lenczewski	Murphy, M.	Savick	Zerwas

A quorum was present.

Abeler; Anderson, P.; Barrett; Davids; Dean, M.; FitzSimmons; Green; Gruenhagen; Hamilton; Hilstrom; Hoppe; Kelly; Kresha; Lohmer; Mack; Melin; Murphy, E.; Newberger; Petersburg; Quam; Swedzinski; Thissen; Torkelson; Wagenius; Ward, J.E., and Zellers 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.

REPORTS OF CHIEF CLERK

S. F. No. 1737 and H. F. No. 2147, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Rosenthal moved that S. F. No. 1737 be substituted for H. F. No. 2147 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 859, A bill for an act relating to housing; landlord and tenant; creating additional remedies for victims of violence; amending Minnesota Statutes 2012, sections 504B.171, subdivision 1; 504B.206; 504B.285, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 504B.171, subdivision 1, is amended to read:

Subdivision 1. **Terms of covenant.** (a) In every lease or license of residential premises, whether in writing or parol, the landlord or licensor and the tenant or licensee covenant that:

(1) neither will:

(i) unlawfully allow controlled substances in those premises or in the common area and curtilage of the premises;

(ii) allow prostitution or prostitution-related activity as defined in section 617.80, subdivision 4, to occur on the premises or in the common area and curtilage of the premises;

(iii) allow the unlawful use or possession of a firearm in violation of section 609.66, subdivision 1a, 609.67, or 624.713, on the premises or in the common area and curtilage of the premises; or

(iv) allow stolen property or property obtained by robbery in those premises or in the common area and curtilage of the premises; and

(2) the common area and curtilage of the premises will not be used by either the landlord or licensor or the tenant or licensee or others acting under the control of either to manufacture, sell, give away, barter, deliver, exchange, distribute, purchase, or possess a controlled substance in violation of any criminal provision of chapter 152. The covenant is not violated when a person other than the landlord or licensor or the tenant or licensee possesses or allows controlled substances in the premises, common area, or curtilage, unless the landlord or licensor or the tenant or licensee knew or had reason to know of that activity.

(b) In every lease or license of residential premises, whether in writing or parol, the tenant or licensee covenant that the tenant or licensee will not commit an act enumerated under section 504B.206, subdivision 1, paragraph (a), against a tenant or licensee or any authorized occupant.

Sec. 2. Minnesota Statutes 2012, section 504B.206, is amended to read:

504B.206 RIGHT OF VICTIMS OF ~~DOMESTIC ABUSE~~ VIOLENCE TO TERMINATE LEASE.

Subdivision 1. **Right to terminate; procedure.** ~~(a) A tenant to a residential lease who is a victim of domestic abuse and fears imminent domestic abuse against the tenant or the tenant's minor children if the tenant or the tenant's minor children remain in the leased premises may terminate a lease agreement without penalty or liability as provided in this section. The tenant must provide advance written notice to the landlord stating that~~ A tenant to a residential lease may terminate a lease agreement in the manner provided in this section without penalty or liability, if the tenant or another authorized occupant fears imminent violence after being subjected to:

~~(1) the tenant fears imminent domestic abuse from a person named in an order for protection or no contact order domestic abuse, as that term is defined under section 518B.01, subdivision 2;~~

~~(2) the tenant needs to terminate the tenancy; and~~ criminal sexual conduct under sections 609.342 to 609.345; or

~~(3) the specific date the tenancy will terminate~~ stalking, as that term is defined under section 609.749, subdivision 1.

~~(b) The tenant must provide signed and dated advance written notice to the landlord:~~

~~(1) stating the tenant fears imminent violence against the tenant or an authorized occupant if the tenant or authorized occupant remains in the leased premises from a person as indicated in a qualifying document;~~

~~(2) stating that the tenant needs to terminate the tenancy;~~

~~(3) providing the date by which the tenant will vacate; and~~

~~(4) providing written instructions for the disposition of any remaining personal property in accordance with section 504B.271.~~

~~(b) (c) The written notice must be delivered before the termination of the tenancy by mail, fax, or in person, and be accompanied by the order for protection or no contact order~~ a qualifying document.

~~(c) For purposes of this section, an order for protection means an order issued under chapter 518B. A no contact order means a no contact order currently in effect, issued under section 629.75 or chapter 609.~~

~~(d) The landlord may request that the tenant disclose the name of the perpetrator and, if a request is made, inform the tenant that the landlord seeks disclosure to protect other tenants in the building. The tenant may decline to provide the name of the perpetrator for safety reasons. Disclosure shall not be a precondition of terminating the lease.~~

~~(e) The tenancy terminates, including the right of possession of the premises, as provided in subdivision 3.~~

Subd. 2. **Treatment of information.** ~~(a) A landlord must not disclose;~~

~~(1) any information provided to the landlord by a tenant documenting domestic abuse in the written notice required under subdivision 1, paragraph (b);~~

~~(2) any information contained in the qualifying document;~~

~~(3) the address or location to which the tenant has relocated; or~~

~~(4) the status of the tenant as a victim of violence.~~

(b) The information referenced in paragraph (a) must not be entered into any shared database or provided to any person or entity but may be used when required as evidence in an eviction proceeding, action for unpaid rent or damages arising out of the tenancy, claims under section 504B.178, with the consent of the tenant, or as otherwise required by law.

Subd. 3. **Liability for rent; termination of tenancy.** (a) ~~A tenant who is a sole tenant and is terminating a lease under subdivision 1 is responsible for the rent payment for the full month in which the tenancy terminates and an additional amount equal to one month's rent. The tenant forfeits all claims for the return of the security deposit under section 504B.178 and is relieved of any other contractual obligation for payment of rent or any other charges for the remaining term of the lease, except as provided in this section. In a sole tenancy, the tenancy terminates on the date specified in the notice provided to the landlord as required under subdivision 1.~~

(b) In a tenancy with multiple tenants, one of whom is terminating the lease under subdivision 1, any lease governing all tenants is terminated at the latter of the end of the month or the end of the rent interval in which one tenant terminates the lease under subdivision 1. All tenants are responsible for the rent payment for the full month in which the tenancy terminates. Upon termination, all tenants forfeit all claims for the return of the security deposit under section 504B.178 and are relieved of any other contractual obligation for payment of rent or any other charges for the remaining term of the lease, except as provided in this section. Any tenant whose tenancy was terminated under this paragraph may reapply to enter into a new lease with the landlord.

~~(b)~~ (c) This section does not affect a tenant's liability for delinquent, unpaid rent or other amounts owed to the landlord before the lease was terminated by the tenant under this section.

~~(e) The tenancy terminates, including the right of possession of the premises, on the termination date stated in the notice under subdivision 1. The amount equal to one month's rent must be paid on or before the termination of the tenancy for the tenant to be relieved of the contractual obligations for the remaining term of the lease as provided in this section.~~

(d) ~~For purposes of this section, the provisions of section 504B.178 are triggered as follows:~~

~~(1) if the only tenant is the tenant who is the victim of domestic abuse and the tenant's minor children, if any, upon the first day of the month following the later of:~~

~~(i) the date the tenant vacates the premises; or~~

~~(ii) the termination of the tenancy indicated in the written notice under subdivision 1; or~~

~~(2) if there are additional tenants bound by the lease, upon the expiration of the lease.~~

Subd. 4. **Multiple tenants.** ~~Notwithstanding the release of a tenant from a lease agreement under this section, if there are any remaining tenants the tenancy continues for those remaining tenants.~~

Subd. 5. **Waiver prohibited.** A residential tenant may not waive, and a landlord may not require the residential tenant to waive, the tenant's rights under this section.

Subd. 6. **Definition Definitions.** ~~For purposes of this section, "domestic abuse" has the meaning given in section 518B.01, subdivision 2 the following terms have the meanings given:~~

(1) "court official" means a judge, referee, court administrator, prosecutor, probation officer, or victim's advocate, whether employed by or under contract with the court, who is authorized to act on behalf of the court;

(2) "qualified third party" means a person, acting in an official capacity, who has had in-person contact with the tenant and is:

(i) a licensed health care professional operating within the scope of the license;

(ii) a domestic abuse advocate, as that term is defined in section 595.02, subdivision 1, paragraph (l); or

(iii) a sexual assault counselor, as that term is defined in section 595.02, subdivision 1, paragraph (k);

(3) "qualifying document" means:

(i) a valid order for protection issued under chapter 518B;

(ii) a no contact order currently in effect, issued under section 629.75 or chapter 609;

(iii) a writing produced and signed by a court official, acting in an official capacity, documenting that the tenant or authorized occupant is a victim of domestic abuse, as that term is defined under section 518B.01, subdivision 2, criminal sexual conduct, under sections 609.342 to 609.3451, or stalking, as that term is defined under section 609.749, subdivision 1, and naming the perpetrator, if known;

(iv) a writing produced and signed by a city, county, state, or tribal law enforcement official, acting in an official capacity, documenting that the tenant or authorized occupant is a victim of domestic abuse, as that term is defined under section 518B.01, subdivision 2, criminal sexual conduct, under sections 609.342 to 609.3451, or stalking, as that term is defined under section 609.749, subdivision 1, and naming the perpetrator, if known; or

(v) a statement by a qualified third party, in the following form:

STATEMENT BY QUALIFIED THIRD PARTY

I, (name of qualified third party), do hereby verify as follows:

1. I am a licensed health care professional, domestic abuse advocate, as that term is defined in section 595.02, subdivision 1, paragraph (l), or sexual assault counselor, as that term is defined in section 595.02, subdivision 1, paragraph (k).

2. I have a reasonable basis to believe (name of victim(s)) is a victim/are victims of domestic abuse, criminal sexual conduct, or stalking and fear(s) imminent violence against the individual or authorized occupant if the individual remains (the individuals remain) in the leased premises.

3. I understand that the person(s) listed above may use this document as a basis for gaining a release from the lease.

Upon information and belief, the foregoing is true and correct.

(Printed name of qualified third party)

(Signature of qualified third party)

(Business address and business telephone)

(Date)

Subd. 7. **Conflicts with other laws.** If a federal statute, regulation, or handbook permitting termination of a residential tenancy subsidized under a federal program conflicts with any provision of this section, then the landlord must comply with the federal statute, regulation, or handbook.

Sec. 3. Minnesota Statutes 2012, section 504B.285, subdivision 1, is amended to read:

Subdivision 1. **Grounds.** (a) The person entitled to the premises may recover possession by eviction when:

(1) any person holds over real property:

(i) after a sale of the property on an execution or judgment; or

(ii) after the expiration of the time for redemption on foreclosure of a mortgage, or after termination of contract to convey the property;

(2) any person holds over real property after termination of the time for which it is demised or leased to that person or to the persons under whom that person holds possession, contrary to the conditions or covenants of the lease or agreement under which that person holds, or after any rent becomes due according to the terms of such lease or agreement; or

(3) any tenant at will holds over after the termination of the tenancy by notice to quit.

(b) A landlord may not commence an eviction action against a tenant or authorized occupant solely on the basis that the tenant or authorized occupant has been the victim of any of the acts listed in section 504B.206, subdivision 1, paragraph (a). Nothing in this paragraph should be construed to prohibit an eviction action based on a breach of the lease."

Delete the title and insert:

"A bill for an act relating to housing; landlord and tenant; establishing remedies for victims of violence; amending Minnesota Statutes 2012, sections 504B.171, subdivision 1; 504B.206; 504B.285, subdivision 1."

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

The report was adopted.

Paymar from the Committee on Public Safety Finance and Policy to which was referred:

H. F. No. 1082, A bill for an act relating to forfeiture; requiring a conviction for judicial forfeiture of property associated with controlled substance offenses and vehicles used in drive-by shootings; amending Minnesota Statutes 2012, sections 609.531, subdivision 6a; 609.5314, subdivision 3; 609.5316, subdivision 3; 609.5318, subdivision 1.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Hornstein from the Committee on Transportation Finance to which was referred:

H. F. No. 1916, A bill for an act relating to veterans; authorizing special women veterans license plates; appropriating money; amending Minnesota Statutes 2012, section 168.123, subdivision 1; Minnesota Statutes 2013 Supplement, section 168.123, subdivision 2.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Clark from the Committee on Housing Finance and Policy to which was referred:

H. F. No. 2112, A bill for an act relating to housing; creating the Housing Opportunities Made Equitable (HOME) pilot project; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Laws 2013, chapter 85, article 1, section 4, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	\$58,748,000	\$42,748,000
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Unless otherwise specified, this appropriation is for transfer to the housing development fund for the programs specified in this section. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

The Housing Finance Agency will make continuous improvements to its ongoing efforts to reduce the racial and ethnic inequalities in homeownership rates and will seek opportunities to deploy increasing levels of resources toward these efforts.

Sec. 2. Laws 2013, chapter 85, article 1, section 4, subdivision 2, is amended to read:

Subd. 2. Challenge Program	19,203,000	9,203,000
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(a) This appropriation is for the economic development and housing challenge program under Minnesota Statutes, section 462A.33. The agency must continue to strengthen its efforts to address the disparity rate between white households and indigenous American Indians and communities of color. Of this amount, \$1,208,000 each year shall be made available during the first 11 months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians in the first 11 months of the fiscal year shall be available for any eligible activity under Minnesota Statutes, section 462A.33.

(b) Of this amount, \$10,000,000 is a onetime appropriation and is targeted for housing in communities and regions that have:

(1)(i) low housing vacancy rates; and

(ii) cooperatively developed a plan that identifies current and future housing needs; and

(2)(i) experienced job growth since 2005 and have at least 2,000 jobs within the commuter shed;

(ii) evidence of anticipated job expansion; or

(iii) a significant portion of area employees who commute more than 30 miles between their residence and their employment.

(c) Priority shall be given to programs and projects that are land trust programs and programs that work in coordination with a land trust program.

(d) Of this amount, \$500,000 is for homeownership opportunities for families who have been evicted or been given notice of an eviction due to a disabled child in the home, including adjustments for the incremental increase in costs of addressing the unique housing needs of those households. Any funds not expended for this purpose may be returned to the challenge fund after October 31, 2014.

~~(d)~~ (e) The base funding for this program in the 2016-2017 biennium is \$12,925,000 each year.

Sec. 3. **AFFORDABLE HOUSING PLAN; DISPARITIES REPORT.**

(a) The Housing Finance Agency shall provide the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over the agency with the draft and final versions of its affordable housing plan before and after it has been submitted to the agency board for consideration.

(b) The Housing Finance Agency shall annually report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over the agency on the progress, if any, the agency has made in closing the racial disparity gap and low-income concentrated housing disparities.

Sec. 4. **HOUSING OPPORTUNITIES MADE EQUITABLE (HOME) PILOT PROJECT.**

(a) The Minnesota Housing Finance Agency in collaboration with the Chicano Latino Affairs Council, Council on Asian-Pacific Minnesotans, Council on Black Minnesotans, and Minnesota Indian Affairs Council shall establish the Housing Opportunities Made Equitable (HOME) pilot project to support closing the disparity gap in affordable homeownership for all communities of color and American Indians in Minnesota and increase housing opportunities for specific groups while closing the disparity gap that exists in Minnesota. Nothing in this section shall interfere with the agency's ability to meet obligations to bondholders or violate Minnesota Statutes, section 462A.15.

(b) With the funds available to the Minnesota Housing Finance Agency, the commissioner may support the capacity of several local community nonprofit housing and service providers to administer the HOME pilot project under this section. The Minnesota Housing Finance Agency shall choose providers that have proven track records of assisting culturally diverse groups of people with long-term education services and wraparound services that have historically resulted in sustainable affordable housing opportunities for culturally diverse groups. The pilot project may also support the redevelopment and rebuilding of challenged neighborhoods affected by foreclosure crisis.

(c) A portion of funds must be awarded to providers to assist families to attain sustainable affordable homeownership. Assistance may include long-term financial education, training, case management, credit mending, homebuyer education, foreclosure prevention mitigation services, and supporting wraparound services.

(d) A portion of funds must be used to develop and administer loans to assist families with credit financing who cannot use conventional financing due to cultural or religious beliefs that will be originated by the qualified providers. A qualified provider is a provider that has a proven track record of assisting culturally diverse groups of people in obtaining sustainable affordable homeownership and that, at a minimum, is in good standing with the Minnesota Department of Commerce, is licensed to originate mortgage loans, and has demonstrated an ability to underwrite to HFA or conventional underwriting guidelines. Qualified providers may be paid an origination fee, service release premium and a standard fee set in order to expand capacity to assist more families with purchasing a home."

Delete the title and insert:

"A bill for an act relating to housing; creating the Housing Opportunities Made Equitable (HOME) pilot project; requiring reports; modifying prior appropriations; appropriating money; amending Laws 2013, chapter 85, article 1, section 4, subdivisions 1, 2."

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

The report was adopted.

Huntley from the Committee on Health and Human Services Finance to which was referred:

H. F. No. 2150, A bill for an act relating to human services; making technical corrections to health and human services appropriations and policy provisions; amending Minnesota Statutes 2013 Supplement, section 626.557, subdivision 9; Laws 2013, chapter 1, section 6, as amended; Laws 2013, chapter 108, article 14, sections 2, subdivision 6; 3, subdivisions 1, 2, 4; 4, subdivision 8; 12.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
HEALTH DEPARTMENT

Section 1. Minnesota Statutes 2012, section 144.551, subdivision 1, is amended to read:

Subdivision 1. **Restricted construction or modification.** (a) The following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

(b) This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied before July 1, 1990, if a timely appeal results in an order reversing the denial;

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2;

(5) a project involving consolidation of pediatric specialty hospital services within the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the reconstruction, the licenses of both hospitals must be reinstated at the capacity that existed on each site before the relocation;

(7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds from one physical site or complex to another; or (iii) redistribution of hospital beds within the state or a region of the state;

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; and (iv) the relocation or redistribution does not involve the construction of a new hospital building;

(9) a construction project involving up to 35 new beds in a psychiatric hospital in Rice County that primarily serves adolescents and that receives more than 70 percent of its patients from outside the state of Minnesota;

(10) a project to replace a hospital or hospitals with a combined licensed capacity of 130 beds or less if: (i) the new hospital site is located within five miles of the current site; and (ii) the total licensed capacity of the replacement hospital, either at the time of construction of the initial building or as the result of future expansion, will not exceed 70 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is less;

(11) the relocation of licensed hospital beds from an existing state facility operated by the commissioner of human services to a new or existing facility, building, or complex operated by the commissioner of human services; from one regional treatment center site to another; or from one building or site to a new or existing building or site on the same campus;

(12) the construction or relocation of hospital beds operated by a hospital having a statutory obligation to provide hospital and medical services for the indigent that does not result in a net increase in the number of hospital beds, notwithstanding section 144.552, 27 beds, of which 12 serve mental health needs, may be transferred from Hennepin County Medical Center to Regions Hospital under this clause;

(13) a construction project involving the addition of up to 31 new beds in an existing nonfederal hospital in Beltrami County;

(14) a construction project involving the addition of up to eight new beds in an existing nonfederal hospital in Otter Tail County with 100 licensed acute care beds;

(15) a construction project involving the addition of 20 new hospital beds used for rehabilitation services in an existing hospital in Carver County serving the southwest suburban metropolitan area. Beds constructed under this clause shall not be eligible for reimbursement under medical assistance, general assistance medical care, or MinnesotaCare;

(16) a project for the construction or relocation of up to 20 hospital beds for the operation of up to two psychiatric facilities or units for children provided that the operation of the facilities or units have received the approval of the commissioner of human services;

(17) a project involving the addition of 14 new hospital beds to be used for rehabilitation services in an existing hospital in Itasca County;

(18) a project to add 20 licensed beds in existing space at a hospital in Hennepin County that closed 20 rehabilitation beds in 2002, provided that the beds are used only for rehabilitation in the hospital's current rehabilitation building. If the beds are used for another purpose or moved to another location, the hospital's licensed capacity is reduced by 20 beds;

(19) a critical access hospital established under section 144.1483, clause (9), and section 1820 of the federal Social Security Act, United States Code, title 42, section 1395i-4, that delicensed beds since enactment of the Balanced Budget Act of 1997, Public Law 105-33, to the extent that the critical access hospital does not seek to exceed the maximum number of beds permitted such hospital under federal law;

(20) notwithstanding section 144.552, a project for the construction of a new hospital in the city of Maple Grove with a licensed capacity of up to 300 beds provided that:

(i) the project, including each hospital or health system that will own or control the entity that will hold the new hospital license, is approved by a resolution of the Maple Grove City Council as of March 1, 2006;

(ii) the entity that will hold the new hospital license will be owned or controlled by one or more not-for-profit hospitals or health systems that have previously submitted a plan or plans for a project in Maple Grove as required under section 144.552, and the plan or plans have been found to be in the public interest by the commissioner of health as of April 1, 2005;

(iii) the new hospital's initial inpatient services must include, but are not limited to, medical and surgical services, obstetrical and gynecological services, intensive care services, orthopedic services, pediatric services, noninvasive cardiac diagnostics, behavioral health services, and emergency room services;

(iv) the new hospital:

(A) will have the ability to provide and staff sufficient new beds to meet the growing needs of the Maple Grove service area and the surrounding communities currently being served by the hospital or health system that will own or control the entity that will hold the new hospital license;

(B) will provide uncompensated care;

(C) will provide mental health services, including inpatient beds;

(D) will be a site for workforce development for a broad spectrum of health-care-related occupations and have a commitment to providing clinical training programs for physicians and other health care providers;

(E) will demonstrate a commitment to quality care and patient safety;

(F) will have an electronic medical records system, including physician order entry;

(G) will provide a broad range of senior services;

(H) will provide emergency medical services that will coordinate care with regional providers of trauma services and licensed emergency ambulance services in order to enhance the continuity of care for emergency medical patients; and

(I) will be completed by December 31, 2009, unless delayed by circumstances beyond the control of the entity holding the new hospital license; and

(v) as of 30 days following submission of a written plan, the commissioner of health has not determined that the hospitals or health systems that will own or control the entity that will hold the new hospital license are unable to meet the criteria of this clause;

(21) a project approved under section 144.553;

(22) a project for the construction of a hospital with up to 25 beds in Cass County within a 20-mile radius of the state Ah-Gwah-Ching facility, provided the hospital's license holder is approved by the Cass County Board;

(23) a project for an acute care hospital in Fergus Falls that will increase the bed capacity from 108 to 110 beds by increasing the rehabilitation bed capacity from 14 to 16 and closing a separately licensed 13-bed skilled nursing facility; ~~or~~

(24) notwithstanding section 144.552, a project for the construction and expansion of a specialty psychiatric hospital in Hennepin County for up to 50 beds, exclusively for patients who are under 21 years of age on the date of admission. The commissioner conducted a public interest review of the mental health needs of Minnesota and the Twin Cities metropolitan area in 2008. No further public interest review shall be conducted for the construction or expansion project under this clause; or

(25) a project for a 16-bed psychiatric hospital in the city of Thief River Falls, if the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete.

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

Sec. 2. **[144.9513] HEALTHY HOUSING GRANTS.**

Subdivision 1. Definitions. For purposes of this section and sections 144.9501 to 144.9512, the following terms have the meanings given.

(a) "Housing" means a room or group of rooms located within a dwelling forming a single habitable unit with facilities used or intended to be used for living, sleeping, cooking, and eating.

(b) "Healthy housing" means housing that is sited, designed, built, renovated, and maintained in ways that supports the health of residents.

(c) "Housing-based health threat" means a chemical, biologic, or physical agent in the immediate housing environment which constitutes a potential or actual hazard to human health at acute or chronic exposure levels.

(d) "Primary prevention" means preventing exposure to housing-based health threats before seeing clinical symptoms or a diagnosis.

Subd. 2. Grants; administration. Grant applicants shall submit applications to the commissioner as directed by a request for proposals. Grants must be competitively awarded and recipients of a grant under this section must prepare and submit a quarterly progress report to the commissioner beginning three months after receipt of the grant. The commissioner shall provide technical assistance and program support as needed to ensure that housing-based health threats are effectively identified, mitigated, and evaluated by grantees.

Subd. 3. Education and training grant; eligible activities. (a) Within the limits of available appropriations, the commissioner shall make grants to nonprofit organizations, community health boards, and community action agencies under section 256E.31 with expertise in providing outreach, education, and training on healthy homes subjects and in providing comprehensive healthy homes assessments and interventions to provide healthy housing education, training, and technical assistance services for persons engaged in addressing housing-based health threats and other individuals impacted by housing-based health threats.

(b) The grantee may conduct the following activities:

(1) implement and maintain primary prevention programs to reduce housing-based health threats that include the following:

(i) providing education materials to the general public and to property owners, contractors, code officials, health care providers, public health professionals, health educators, nonprofit organizations, and other persons and organizations engaged in housing and health issues;

(ii) promoting awareness of community, legal, and housing resources; and

(iii) promoting the use of hazard reduction measures in new housing construction and housing rehabilitation programs;

(2) provide training on identifying and addressing housing-based health threats;

(3) provide technical assistance on the implementation of mitigation measures;

(4) promote adoption of evidence-based best practices for mitigation of housing-based health threats; or

(5) develop work practices for addressing specific housing-based health threats.

Sec. 3. **[144A.484] INTEGRATED LICENSURE; HOME AND COMMUNITY-BASED SERVICES DESIGNATION.**

Subdivision 1. Integrated licensing established. (a) From January 1, 2014, to June 30, 2015, the commissioner of health shall enforce the home and community-based services standards under chapter 245D for those providers who also have a home care license pursuant to chapter 144A as required under Laws 2013, chapter 108, article 11, section 31, and article 8, section 60. During this period, the commissioner shall provide technical assistance on how to achieve and maintain compliance with applicable law or rules governing the provision of home and community-based services, including complying with the service recipient rights notice in subdivision 4, clause (4). If, during the survey, the commissioner finds that the licensee has failed to achieve compliance with an applicable law or rule under chapter 245D and this failure does not imminently endanger the health, safety, or rights of the persons served by the program, the commissioner may issue a licensing survey report with recommendations for achieving and maintaining compliance.

(b) Beginning July 1, 2015, a home care provider applicant or license holder may apply to the commissioner of health for a home and community-based services designation for the provision of basic home and community-based services identified under section 245D.03, subdivision 1, paragraph (b). The designation allows the license holder to provide basic home and community-based services that would otherwise require licensure under chapter 245D, under the license holder's home care license governed by sections 144A.43 to 144A.481.

Subd. 2. Application for home and community-based services designation. An application for a home and community-based services designation must be made on the forms and in the manner prescribed by the commissioner. The commissioner shall provide the applicant with instruction for completing the application and provide information about the requirements of other state agencies that affect the applicant. Application for the home and community-based services designation is subject to the requirements under section 144A.473.

Subd. 3. Home and community-based services designation fees. A home care provider applicant or licensee applying for the home and community-based services designation or renewal of a home and community-based services designation must submit a fee in the amount specified in subdivision 8.

Subd. 4. Applicability of home and community-based services requirements. A home care provider with a home and community-based services designation must comply with the requirements for home care services governed by this chapter. For the provision of basic home and community-based services, the home care provider must also comply with the following home and community-based services licensing requirements:

- (1) person-centered planning requirements in section 245D.07;
- (2) protection standards in section 245D.06;
- (3) emergency use of manual restraints in section 245D.061; and
- (4) service recipient rights in section 245D.04, subdivision 3, paragraph (a), clauses (5), (7), (8), (12), and (13), and paragraph (b).

A home care provider with the integrated license-HCBS designation may utilize a bill of rights which incorporates the service recipient rights in section 245D.04, subdivision 3, paragraph (a), clauses (5), (7), (8), (12), and (13), and paragraph (b) with the home care bill of rights in section 144A.44.

Subd. 5. Monitoring and enforcement. (a) The commissioner shall monitor for compliance with the home and community-based services requirements identified in subdivision 5, in accordance with this section and any agreements by the commissioners of health and human services.

(b) The commissioner shall enforce compliance with applicable home and community-based services licensing requirements as follows:

(1) the commissioner may deny a home and community-based services designation in accordance with section 144A.473 or 144A.475; and

(2) if the commissioner finds that the applicant or license holder has failed to comply with the applicable home and community-based services designation requirements the commissioner may issue:

(i) a correction order in accordance with section 144A.474;

(ii) an order of conditional license in accordance with section 144A.475;

(iii) a sanction in accordance with section 144A.475; or

(iv) any combination of clauses (i) to (iii).

Subd. 6. **Appeals.** A home care provider applicant that has been denied a temporary license will also be denied their application for the home and community-based services designation. The applicant may request reconsideration in accordance with section 144A.473, subdivision 3. A licensed home care provider whose application for a home and community-based services designation has been denied or whose designation has been suspended or revoked may appeal the denial, suspension, revocation, or refusal to renew a home and community-based services designation in accordance with section 144A.475. A license holder may request reconsideration of a correction order in accordance with section 144A.474, subdivision 12.

Subd. 7. **Agreements.** The commissioners of health and human services shall enter into any agreements necessary to implement this section.

Subd. 8. **Fees; home and community-based services designation.** (a) The initial fee for a basic home and community-based services designation is \$155. A home care provider who is seeking to renew the provider's home and community-based services designation must pay an annual nonrefundable fee with the annual home care license fee according to the following schedule and based on revenues from the home and community-based services:

<u>Provider Annual Revenue from HCBS</u>	<u>HCBS Designation</u>
<u>greater than \$1,500,000</u>	<u>\$320</u>
<u>greater than \$1,275,000 and no more than \$1,500,000</u>	<u>\$300</u>
<u>greater than \$1,100,000 and no more than \$1,275,000</u>	<u>\$280</u>
<u>greater than \$950,000 and no more than \$1,100,000</u>	<u>\$260</u>
<u>greater than \$850,000 and no more than \$950,000</u>	<u>\$240</u>
<u>greater than \$750,000 and no more than \$850,000</u>	<u>\$220</u>
<u>greater than \$650,000 and no more than \$750,000</u>	<u>\$200</u>
<u>greater than \$550,000 and no more than \$650,000</u>	<u>\$180</u>
<u>greater than \$450,000 and no more than \$550,000</u>	<u>\$160</u>
<u>greater than \$350,000 and no more than \$450,000</u>	<u>\$140</u>
<u>greater than \$250,000 and no more than \$350,000</u>	<u>\$120</u>
<u>greater than \$100,000 and no more than \$250,000</u>	<u>\$100</u>
<u>greater than \$50,000 and no more than \$100,000</u>	<u>\$80</u>
<u>greater than \$25,000 and no more than \$50,000</u>	<u>\$60</u>
<u>no more than \$25,000</u>	<u>\$40</u>

(b) Fees and penalties collected under this section shall be deposited in the state treasury and credited to the state government special revenue fund.

Subd. 9. **Study and report about client bill of rights.** The commissioner shall consult with Aging Services of Minnesota, Care Providers of Minnesota, Minnesota Home Care Association, Department of Human Services, the Ombudsman for Long-Term Care, and other stakeholders to review how to streamline the client bill of rights requirements in sections 144A.44, 144A.441, and 245D.04 for providers whose practices fit into one or several of these practice areas, while assuring and maintaining the health and safety of clients. The evaluation shall consider the federal client bill of rights requirements for Medicare-certified home care providers. The evaluation must determine whether there are duplications or conflicts of client rights, evaluate how to reduce the complexity of the client bill of rights requirements for providers and consumers, determine which of the rights must be included in a client bill of rights document, and evaluate whether there are other ways to ensure that consumers know their rights. The commissioner shall report to the chairs of the health and human services committees of the legislature no later than February 15, 2015, along with any recommendations for legislative changes.

EFFECTIVE DATE. Minnesota Statutes, section 144A.484, subdivisions 2 to 9, are effective July 1, 2015.

Sec. 4. Minnesota Statutes 2013 Supplement, section 145.4716, subdivision 2, is amended to read:

Subd. 2. **Duties of director.** The director of child sex trafficking prevention is responsible for the following:

(1) developing and providing comprehensive training on sexual exploitation of youth for social service professionals, medical professionals, public health workers, and criminal justice professionals;

(2) collecting, organizing, maintaining, and disseminating information on sexual exploitation and services across the state, including maintaining a list of resources on the Department of Health Web site;

(3) monitoring and applying for federal funding for antitrafficking efforts that may benefit victims in the state;

(4) managing grant programs established under sections 145.4716 to 145.4718;

(5) managing the request for proposals for grants for comprehensive services, including trauma-informed, culturally specific services;

~~(6)~~ identifying best practices in serving sexually exploited youth, as defined in section 260C.007, subdivision 31;

~~(7)~~ providing oversight of and technical support to regional navigators pursuant to section 145.4717;

~~(8)~~ conducting a comprehensive evaluation of the statewide program for safe harbor of sexually exploited youth; and

~~(9)~~ developing a policy consistent with the requirements of chapter 13 for sharing data related to sexually exploited youth, as defined in section 260C.007, subdivision 31, among regional navigators and community-based advocates.

Sec. 5. Minnesota Statutes 2013 Supplement, section 256B.04, subdivision 21, is amended to read:

Subd. 21. **Provider enrollment.** (a) If the commissioner or the Centers for Medicare and Medicaid Services determines that a provider is designated "high-risk," the commissioner may withhold payment from providers within that category upon initial enrollment for a 90-day period. The withholding for each provider must begin on the date of the first submission of a claim.

(b) An enrolled provider that is also licensed by the commissioner under chapter 245A or that is licensed by the Department of Health under chapter 144A and has a HCBS designation on the home care license must designate an individual as the entity's compliance officer. The compliance officer must:

(1) develop policies and procedures to assure adherence to medical assistance laws and regulations and to prevent inappropriate claims submissions;

(2) train the employees of the provider entity, and any agents or subcontractors of the provider entity including billers, on the policies and procedures under clause (1);

(3) respond to allegations of improper conduct related to the provision or billing of medical assistance services, and implement action to remediate any resulting problems;

(4) use evaluation techniques to monitor compliance with medical assistance laws and regulations;

(5) promptly report to the commissioner any identified violations of medical assistance laws or regulations; and

(6) within 60 days of discovery by the provider of a medical assistance reimbursement overpayment, report the overpayment to the commissioner and make arrangements with the commissioner for the commissioner's recovery of the overpayment.

The commissioner may require, as a condition of enrollment in medical assistance, that a provider within a particular industry sector or category establish a compliance program that contains the core elements established by the Centers for Medicare and Medicaid Services.

(c) The commissioner may revoke the enrollment of an ordering or rendering provider for a period of not more than one year, if the provider fails to maintain and, upon request from the commissioner, provide access to documentation relating to written orders or requests for payment for durable medical equipment, certifications for home health services, or referrals for other items or services written or ordered by such provider, when the commissioner has identified a pattern of a lack of documentation. A pattern means a failure to maintain documentation or provide access to documentation on more than one occasion. Nothing in this paragraph limits the authority of the commissioner to sanction a provider under the provisions of section 256B.064.

(d) The commissioner shall terminate or deny the enrollment of any individual or entity if the individual or entity has been terminated from participation in Medicare or under the Medicaid program or Children's Health Insurance Program of any other state.

(e) As a condition of enrollment in medical assistance, the commissioner shall require that a provider designated "moderate" or "high-risk" by the Centers for Medicare and Medicaid Services or the commissioner permit the Centers for Medicare and Medicaid Services, its agents, or its designated contractors and the state agency, its agents, or its designated contractors to conduct unannounced on-site inspections of any provider location. The commissioner shall publish in the Minnesota Health Care Program Provider Manual a list of provider types designated "limited," "moderate," or "high-risk," based on the criteria and standards used to designate Medicare providers in Code of Federal Regulations, title 42, section 424.518. The list and criteria are not subject to the requirements of chapter 14. The commissioner's designations are not subject to administrative appeal.

(f) As a condition of enrollment in medical assistance, the commissioner shall require that a high-risk provider, or a person with a direct or indirect ownership interest in the provider of five percent or higher, consent to criminal background checks, including fingerprinting, when required to do so under state law or by a determination by the commissioner or the Centers for Medicare and Medicaid Services that a provider is designated high-risk for fraud, waste, or abuse.

(g)(1) Upon initial enrollment, reenrollment, and revalidation, all durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) suppliers operating in Minnesota and receiving Medicaid funds must purchase a surety bond that is annually renewed and designates the Minnesota Department of Human Services as the obligee, and must be submitted in a form approved by the commissioner.

(2) At the time of initial enrollment or reenrollment, the provider agency must purchase a performance bond of \$50,000. If a revalidating provider's Medicaid revenue in the previous calendar year is up to and including \$300,000, the provider agency must purchase a performance bond of \$50,000. If a revalidating provider's Medicaid revenue in the previous calendar year is over \$300,000, the provider agency must purchase a performance bond of \$100,000. The performance bond must allow for recovery of costs and fees in pursuing a claim on the bond.

(h) The Department of Human Services may require a provider to purchase a performance surety bond as a condition of initial enrollment, reenrollment, reinstatement, or continued enrollment if: (1) the provider fails to demonstrate financial viability, (2) the department determines there is significant evidence of or potential for fraud and abuse by the provider, or (3) the provider or category of providers is designated high-risk pursuant to paragraph (a) and as per Code of Federal Regulations, title 42, section 455.450. The performance bond must be in an amount of \$100,000 or ten percent of the provider's payments from Medicaid during the immediately preceding 12 months, whichever is greater. The performance bond must name the Department of Human Services as an obligee and must allow for recovery of costs and fees in pursuing a claim on the bond.

Sec. 6. **LEGISLATIVE HEALTH CARE WORKFORCE COMMISSION.**

Subdivision 1. Legislative oversight. The Legislative Health Care Workforce Commission is created to study and make recommendations to the legislature on how to achieve the goal of strengthening the workforce in healthcare.

Subd. 2. Membership. The Legislative Health Care Workforce Commission consists of five members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration and five members of the house of representatives appointed by the speaker of the house. The Legislative Health Care Workforce Commission must include three members of the majority party and two members of the minority party in each house.

Subd. 3. Report to the legislature. The Legislative Health Care Workforce Commission must provide a report making recommendations to the legislature by December 31, 2014. The report must:

- (1) identify current and anticipated health care workforce shortages, by both provider type and geography;
- (2) evaluate the effectiveness of incentives currently available to develop, attract, and retain a highly skilled health care workforce;
- (3) study alternative incentives to develop, attract, and retain a highly skilled and diverse health care workforce; and
- (4) identify current causes and potential solutions to barriers related to the primary care workforce, including, but not limited to:
 - (i) training and residency shortages;
 - (ii) disparities in income between primary care and other providers; and
 - (iii) negative perceptions of primary care among students.

Subd. 4. **Assistance to the commission.** The commissioners of health, human services, commerce, and other state agencies shall provide assistance and technical support to the commission at the request of the commission. The commission may convene subcommittees to provide additional assistance and advice to the commission.

Subd. 5. **Expiration.** The Legislative Health Care Workforce Commission expires on January 1, 2015.

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

Sec. 7. **GRANT PROGRAMS TO ADDRESS MINORITY HEALTH DISPARITIES.**

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

(b) "Dementia" means a condition ascribed within the brain that leads to confusion, lack of focus, and decreased memory.

(c) "Education activities" means providing materials related to health care topics in ethnic-specific languages through materials including, but not limited to, Web sites, brochures, flyers, and other similar vehicles.

(d) "Minority populations" means racial and ethnic groups including, but not limited to, African-Americans, Native Americans, Hmong, Asians, and other similar groups.

(e) "Outreach" means the active pursuit of people within the minority groups through specific and targeted activities to contact individuals who may not regularly be contacted by health care professionals.

Subd. 2. **Grants; distribution.** The commissioner of health shall distribute grant funds to grantees for the following purposes:

(1) dementia education and training to specific minority and under-represented groups;

(2) a training conference related to immigrant and refugee mental health issues; and

(3) other programs, as prioritized by the commissioner, relating to health disparities in minority populations, including, but not limited to, a Somali women-led prevention health care agency located in Minnesota focused on minority women's health disparities.

Subd. 3. **Grants; administration.** Grant applicants shall submit applications to the commissioner of health as directed by a request for proposals. Grants must be competitively awarded and recipients of a grant under this section must prepare and submit a quarterly progress report to the commissioner beginning three months after receipt of the grant. The commissioner shall provide technical assistance and program support as needed, including, but not limited to, assurance that minority individuals with dementia are effectively identified, mitigated, and evaluated by grantees.

Subd. 4. **Dementia education and training grant; eligible activities for dementia outreach.** (a) Within the limits of available appropriations, the commissioner shall make a grant to a nonprofit organization with expertise in providing outreach, education, and training on dementia, Alzheimer's, and other related disabilities within specific minority and under-represented groups.

(b) The grantee must conduct the following activities:

(1) providing and making available educational materials to the general public as well as specific minority populations;

(2) promoting awareness of dementia-related resources and educational materials; and

(3) promoting the use of materials within health care organizations.

Sec. 8. **FULL-TIME EMPLOYEE RESTRICTION.**

No more than one full-time employee may be hired by the Department of Health to administer the grants under Minnesota Statutes, section 144.9513.

ARTICLE 2
HEALTH CARE

Section 1. Minnesota Statutes 2012, section 256.01, is amended by adding a subdivision to read:

Subd. 38. **Contract to match recipient third-party liability information.** The commissioner may enter into a contract with a national organization to match recipient third-party liability information and provide coverage and insurance primacy information to the department at no charge to providers and the clearinghouses.

Sec. 2. Minnesota Statutes 2012, section 256.9685, subdivision 1, is amended to read:

Subdivision 1. **Authority.** (a) The commissioner shall establish procedures for determining medical assistance ~~and general assistance medical care~~ payment rates under a prospective payment system for inpatient hospital services in hospitals that qualify as vendors of medical assistance. The commissioner shall establish, by rule, procedures for implementing this section and sections 256.9686, 256.969, and 256.9695. Services must meet the requirements of section 256B.04, subdivision 15, ~~or 256D.03, subdivision 7, paragraph (b),~~ to be eligible for payment.

(b) The commissioner may reduce the types of inpatient hospital admissions that are required to be certified as medically necessary after notice in the State Register and a 30-day comment period.

Sec. 3. Minnesota Statutes 2012, section 256.9685, subdivision 1a, is amended to read:

Subd. 1a. **Administrative reconsideration.** Notwithstanding ~~sections~~ section 256B.04, subdivision 15, ~~and 256D.03, subdivision 7,~~ the commissioner shall establish an administrative reconsideration process for appeals of inpatient hospital services determined to be medically unnecessary. A physician or hospital may request a reconsideration of the decision that inpatient hospital services are not medically necessary by submitting a written request for review to the commissioner within 30 days after receiving notice of the decision. The reconsideration process shall take place prior to the procedures of subdivision 1b and shall be conducted by physicians that are independent of the case under reconsideration. A majority decision by the physicians is necessary to make a determination that the services were not medically necessary.

Sec. 4. Minnesota Statutes 2012, section 256.9686, subdivision 2, is amended to read:

Subd. 2. **Base year.** "Base year" means a hospital's fiscal year or years that is recognized by the Medicare program or a hospital's fiscal year specified by the commissioner if a hospital is not required to file information by the Medicare program from which cost and statistical data are used to establish medical assistance ~~and general assistance medical care~~ payment rates.

Sec. 5. Minnesota Statutes 2012, section 256.969, subdivision 1, is amended to read:

Subdivision 1. **Hospital cost index.** (a) The hospital cost index shall be the change in the Consumer Price Index-All Items (United States city average) (CPI-U) forecasted by Data Resources, Inc. The commissioner shall use the indices as forecasted in the third quarter of the calendar year prior to the rate year. The hospital cost index may be used to adjust the base year operating payment rate through the rate year on an annually compounded basis.

(b) ~~For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for hospital payment rates under medical assistance, nor under general assistance medical care, except that the inflation adjustments under paragraph (a) for medical assistance, excluding general assistance medical care, shall apply through calendar year 2001. The index for calendar year 2000 shall be reduced 2.5 percentage points to recover overprojections of the index from 1994 to 1996. The commissioner of management and budget shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in hospital payment rates under medical assistance and general assistance medical care, based upon the hospital cost index.~~

Sec. 6. Minnesota Statutes 2012, section 256.969, subdivision 2, is amended to read:

Subd. 2. **Diagnostic categories.** The commissioner shall use to the extent possible existing diagnostic classification systems, including the system ~~used by the Medicare program~~ created by 3M for all patient refined diagnosis-related groups (APR-DRGs) to determine the relative values of inpatient services and case mix indices. The commissioner may combine diagnostic classifications into diagnostic categories and may establish separate categories and numbers of categories based on ~~program eligibility or~~ hospital peer group. Relative values shall be recalculated when the base year is changed. Relative value determinations shall include paid claims for admissions during each hospital's base year. The commissioner may ~~extend the time period forward to obtain sufficiently valid information to establish relative values~~ supplement the APR-DRG data with national averages. Relative value determinations shall not include property cost data, Medicare crossover data, and data on admissions that are paid a per day transfer rate under subdivision 14. The computation of the base year cost per admission must include identified outlier cases and their weighted costs up to the point that they become outlier cases, but must exclude costs recognized in outlier payments beyond that point. The commissioner may recategorize the diagnostic classifications and recalculate relative values and case mix indices to reflect actual hospital practices, the specific character of specialty hospitals, or to reduce variances within the diagnostic categories after notice in the State Register ~~and a 30 day comment period. The commissioner shall recategorize the diagnostic classifications and recalculate relative values and case mix indices based on the two year schedule in effect prior to January 1, 2013, reflected in subdivision 2b. The first recategorization shall occur January 1, 2013, and shall occur every two years after. When rates are not rebased under subdivision 2b, the commissioner may establish relative values and case mix indices based on charge data and may update the base year to the most recent data available.~~

Sec. 7. Minnesota Statutes 2012, section 256.969, subdivision 2b, is amended to read:

Subd. 2b. **Operating payment rates.** ~~In determining operating payment rates for admissions occurring on or after the rate year beginning January 1, 1991, and every two years after, or more frequently as determined by the commissioner, the commissioner shall obtain operating data from an updated base year and establish operating payment rates per admission for each hospital based on the cost finding methods and allowable costs of the Medicare program in effect during the base year. Rates under the general assistance medical care, medical assistance, and MinnesotaCare programs shall not be rebased to more current data on January 1, 1997, January 1, 2005, for the first 24 months of the rebased period beginning January 1, 2009. For the rebased period beginning January 1, 2011, rates shall not be rebased, except that a Minnesota long-term hospital shall be rebased effective January 1, 2011, based on its most recent Medicare cost report ending on or before September 1, 2008, with the provisions under subdivisions 9 and 23, based on the rates in effect on December 31, 2010. For subsequent rate setting periods in which the base years are updated, a Minnesota long-term hospital's base year shall remain within~~

the same period as other hospitals. ~~Effective January 1, 2013, and after, rates shall not be rebased.~~ The base year operating payment rate per admission is standardized by the case mix index and adjusted by the hospital cost index, relative values, and disproportionate population adjustment. The cost and charge data used to establish operating rates shall only reflect inpatient services covered by medical assistance ~~and shall not include property cost information and costs recognized in outlier payments.~~ In determining operating payment rates for admissions occurring on or after the rate year beginning January 1, 2011, through December 31, 2012, the operating payment rate per admission must be based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year or years.

Sec. 8. Minnesota Statutes 2012, section 256.969, subdivision 2c, is amended to read:

Subd. 2c. Property payment rates. ~~For each hospital's first two consecutive fiscal years beginning on or after July 1, 1988, the commissioner shall limit the annual increase in property payment rates for depreciation, rents and leases, and interest expense to the annual growth in the hospital cost index derived from the methodology in effect on the day before July 1, 1989. When computing budgeted and settlement property payment rates, the commissioner shall use the annual increase in the hospital cost index forecasted by Data Resources, Inc., consistent with the quarter of the hospital's fiscal year end. For admissions occurring on or after the rate year beginning January 1, 1991, the commissioner shall obtain property data from an updated base year and establish property payment rates per admission for each hospital. Property payment rates shall be derived from data from the same base year that is used to establish operating payment rates. The property information shall include cost categories not subject to the hospital cost index and shall reflect the cost-finding methods and allowable costs of the Medicare program. The base year property payment rates shall be adjusted for increases in the property cost by increasing the base year property payment rate 85 percent of the percentage change from the base year through the year for which a Medicare cost report has been submitted to the Medicare program and filed with the department by the October 1 before the rate year. The property rates shall only reflect inpatient services covered by medical assistance. The commissioner shall adjust rates for the rate year beginning January 1, 1991, to ensure that all hospitals are subject to the hospital cost index limitation for two complete years.~~

Sec. 9. Minnesota Statutes 2012, section 256.969, is amended by adding a subdivision to read:

Subd. 2d. Budget neutrality factor. For the rebased period effective September 1, 2014, when rebasing rates under subdivisions 2b and 2c, the commissioner must apply a budget neutrality factor (BNF) to a hospital's conversion factor to ensure that total DRG payments to hospitals do not exceed total DRG payments that would have been made to hospitals if the relative rates and weights had not been recalibrated. For the purposes of this section, BNF equals the percentage change from total aggregate payments calculated under a new payment system to total aggregate payments calculated under the old system.

Sec. 10. Minnesota Statutes 2012, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. Payments. ~~(a)~~ Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. Except as provided in section 256.9693, medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third-party and recipient liability, for discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. ~~This payment limitation shall be calculated separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991.~~ Services that have rates established under subdivision 11 or 12, must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider

numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates ~~by December 1 of the year preceding the rate year 30 days prior to implementation.~~ The rate setting data must reflect the admissions data used to establish relative values. ~~Base year changes from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1.~~ The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

~~(b) For fee for service admissions occurring on or after July 1, 2002, the total payment, before third party liability and spenddown, made to hospitals for inpatient services is reduced by .5 percent from the current statutory rates.~~

~~(c) In addition to the reduction in paragraph (b), the total payment for fee for service admissions occurring on or after July 1, 2003, made to hospitals for inpatient services before third party liability and spenddown, is reduced five percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432, and facilities defined under subdivision 16 are excluded from this paragraph.~~

~~(d) In addition to the reduction in paragraphs (b) and (c), the total payment for fee for service admissions occurring on or after August 1, 2005, made to hospitals for inpatient services before third party liability and spenddown, is reduced 6.0 percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Notwithstanding section 256.9686, subdivision 7, for purposes of this paragraph, medical assistance does not include general assistance medical care. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2006, to reflect this reduction.~~

~~(e) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee for service admissions occurring on or after July 1, 2008, through June 30, 2009, made to hospitals for inpatient services before third party liability and spenddown, is reduced 3.46 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2009, through June 30, 2009, to reflect this reduction.~~

~~(f) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee for service admissions occurring on or after July 1, 2009, through June 30, 2011, made to hospitals for inpatient services before third party liability and spenddown, is reduced 1.9 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2009, through June 30, 2011, to reflect this reduction.~~

~~(g) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee for service admissions occurring on or after July 1, 2011, made to hospitals for inpatient services before third party liability and spenddown, is reduced 1.79 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2011, to reflect this reduction.~~

~~(h) In addition to the reductions in paragraphs (b), (c), (d), (f), and (g), the total payment for fee for service admissions occurring on or after July 1, 2009, made to hospitals for inpatient services before third party liability and spenddown, is reduced one percent from the current statutory rates. Facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after October 1, 2009, to reflect this reduction.~~

~~(i) In addition to the reductions in paragraphs (b), (c), (d), (g), and (h), the total payment for fee for service admissions occurring on or after July 1, 2011, made to hospitals for inpatient services before third party liability and spenddown, is reduced 1.96 percent from the current statutory rates. Facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2011, to reflect this reduction.~~

Sec. 11. Minnesota Statutes 2012, section 256.969, subdivision 3b, is amended to read:

Subd. 3b. **Nonpayment for hospital-acquired conditions and for certain treatments.** (a) The commissioner must not make medical assistance payments to a hospital for any costs of care that result from a condition listed in paragraph (c), if the condition was hospital acquired.

(b) For purposes of this subdivision, a condition is hospital acquired if it is not identified by the hospital as present on admission. For purposes of this subdivision, medical assistance includes ~~general assistance medical care and MinnesotaCare.~~

(c) The prohibition in paragraph (a) applies to payment for each hospital-acquired condition listed in this paragraph that is represented by an ~~ICD-9-CM~~ ICD-10-CM diagnosis code ~~and is designated as a complicating condition or a major complicating condition.~~ The list of conditions is defined by the Centers for Medicare and Medicaid Services on an annual basis with the hospital-acquired conditions (HAC) list:

- (1) foreign object retained after surgery (~~ICD-9-CM codes 998.4 or 998.7~~);
- (2) air embolism (~~ICD-9-CM code 999.1~~);
- (3) blood incompatibility (~~ICD-9-CM code 999.6~~);
- (4) pressure ulcers stage III or IV (~~ICD-9-CM codes 707.23 or 707.24~~);
- (5) falls and trauma, including fracture, dislocation, intracranial injury, crushing injury, burn, and electric shock (~~ICD-9-CM codes with these ranges on the complicating condition and major complicating condition list: 800-829; 830-839; 850-854; 925-929; 940-949; and 991-994~~);
- (6) catheter-associated urinary tract infection (~~ICD-9-CM code 996.64~~);
- (7) vascular catheter-associated infection (~~ICD-9-CM code 999.31~~);
- (8) manifestations of poor glycemic control (~~ICD-9-CM codes 249.10; 249.11; 249.20; 249.21; 250.10; 250.11; 250.12; 250.13; 250.20; 250.21; 250.22; 250.23; and 251.0~~);
- (9) surgical site infection (~~ICD-9-CM codes 996.67 or 998.59~~) following certain orthopedic procedures (~~procedure codes 81.01; 81.02; 81.03; 81.04; 81.05; 81.06; 81.07; 81.08; 81.23; 81.24; 81.31; 81.32; 81.33; 81.34; 81.35; 81.36; 81.37; 81.38; 81.83; and 81.85~~);

(10) surgical site infection (~~ICD-9-CM code 998.59~~) following bariatric surgery (~~procedure codes 44.38; 44.39; or 44.95~~) for a principal diagnosis of morbid obesity (~~ICD-9-CM code 278.01~~);

(11) surgical site infection, mediastinitis (~~ICD-9-CM code 519.2~~) following coronary artery bypass graft (~~procedure codes 36.10 to 36.19~~); and

(12) deep vein thrombosis (~~ICD-9-CM codes 453.40 to 453.42~~) or pulmonary embolism (~~ICD-9-CM codes 415.11 or 415.19~~) following total knee replacement (~~procedure code 81.54~~) or hip replacement (~~procedure codes 00.85 to 00.87 or 81.51 to 81.52~~).

(d) The prohibition in paragraph (a) applies to any additional payments that result from a hospital-acquired condition listed in paragraph (c), including, but not limited to, additional treatment or procedures, readmission to the facility after discharge, increased length of stay, change to a higher diagnostic category, or transfer to another hospital. In the event of a transfer to another hospital, the hospital where the condition listed under paragraph (c) was acquired is responsible for any costs incurred at the hospital to which the patient is transferred.

(e) A hospital shall not bill a recipient of services for any payment disallowed under this subdivision.

Sec. 12. Minnesota Statutes 2012, section 256.969, subdivision 3c, is amended to read:

Subd. 3c. **Rateable reduction and readmissions reduction.** (a) The total payment for fee for service admissions occurring on or after September 1, 2011, through June 30, 2015, made to hospitals for inpatient services before third-party liability and spenddown, is reduced ten percent from the current statutory rates. Facilities defined under subdivision 16, long-term hospitals as determined under the Medicare program, children's hospitals whose inpatients are predominantly under 18 years of age, and payments under managed care are excluded from this paragraph.

(b) Effective for admissions occurring during calendar year 2010 and each year after, the commissioner shall calculate a regional readmission rate for admissions to all hospitals occurring within 30 days of a previous discharge. The commissioner may adjust the readmission rate taking into account factors such as the medical relationship, complicating conditions, and sequencing of treatment between the initial admission and subsequent readmissions.

(c) Effective for payments to all hospitals on or after July 1, 2013, through June 30, 2015, the reduction in paragraph (a) is reduced one percentage point for every percentage point reduction in the overall readmissions rate between the two previous calendar years to a maximum of five percent.

(d) A hospital with at least 1,700 licensed beds on January 1, 2012, located in Hennepin County is excluded from the reduction in paragraph (a) for admissions occurring on or after September 1, 2011, through August 30, 2013, but is subject to the reduction in paragraph (a) for admissions occurring on or after September 1, 2013, through June 30, 2015.

EFFECTIVE DATE. This section is effectively retroactively from September 1, 2011.

Sec. 13. Minnesota Statutes 2012, section 256.969, is amended by adding a subdivision to read:

Subd. 4b. **Medical assistance cost reports for services.** (a) A hospital that meets one of the following criteria must annually file medical assistance cost reports within six months of the end of the hospital's fiscal year:

(1) a hospital designated as a critical access hospital that receives medical assistance payments; or

(2) a Minnesota hospital or out-of-state hospital located within a Minnesota local trade area that receives a disproportionate population adjustment under subdivision 9.

For purposes of this subdivision, local trade area has the meaning given in subdivision 17.

(b) The Department of Human Services must suspend payments to any hospital that fails to file a report required under this subdivision. Payments must remain suspended until the report has been filed with and accepted by the Department of Human Services inpatient rates unit.

Sec. 14. Minnesota Statutes 2012, section 256.969, subdivision 6a, is amended to read:

Subd. 6a. **Special considerations.** In determining the payment rates, the commissioner shall consider whether the circumstances in subdivisions 7 ~~8~~ to 14 exist.

Sec. 15. Minnesota Statutes 2012, section 256.969, is amended by adding a subdivision to read:

Subd. 8c. **Hospital residents.** Payments for hospital residents shall be made as follows:

(1) payments for the first 180 days of inpatient care shall be the APR-DRG payment plus any appropriate outliers; and

(2) payment for all medically necessary patient care subsequent to 180 days shall be reimbursed at a rate computed by multiplying the statewide average cost-to-charge ratio by the usual and customary charges.

Sec. 16. Minnesota Statutes 2012, section 256.969, subdivision 9, is amended to read:

Subd. 9. **Disproportionate numbers of low-income patients served.** (a) For admissions occurring on or after October 1, 1992, through December 31, 1992, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. If federal matching funds are not available for all adjustments under this subdivision, the commissioner shall reduce payments on a pro rata basis so that all adjustments qualify for federal match. ~~The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision medical assistance does not include general assistance medical care.~~ The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class.

(b) For admissions occurring on or after July 1, 1993, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers, critical access hospitals, and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers, critical access hospitals, and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. ~~The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision, medical assistance does not include general assistance medical care.~~ The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class;

~~(3) for a hospital that had medical assistance fee for service payment volume during calendar year 1991 in excess of 13 percent of total medical assistance fee for service payment volume, a medical assistance disproportionate population adjustment shall be paid in addition to any other disproportionate payment due under this subdivision as follows: \$1,515,000 due on the 15th of each month after noon, beginning July 15, 1995. For a hospital that had medical assistance fee for service payment volume during calendar year 1991 in excess of eight percent of total medical assistance fee for service payment volume and was the primary hospital affiliated with the University of Minnesota, a medical assistance disproportionate population adjustment shall be paid in addition to any other disproportionate payment due under this subdivision as follows: \$505,000 due on the 15th of each month after noon, beginning July 15, 1995; and~~

~~(4) effective August 1, 2005, the payments in paragraph (b), clause (3), shall be reduced to zero.~~

~~(e) The commissioner shall adjust rates paid to a health maintenance organization under contract with the commissioner to reflect rate increases provided in paragraph (b), clauses (1) and (2), on a nondiscounted hospital-specific basis but shall not adjust those rates to reflect payments provided in clause (3).~~

~~(d) If federal matching funds are not available for all adjustments under paragraph (b), the commissioner shall reduce payments under paragraph (b), clauses (1) and (2), on a pro rata basis so that all adjustments under paragraph (b) qualify for federal match.~~

~~(e) For purposes of this subdivision, medical assistance does not include general assistance medical care.~~

~~(f) For hospital services occurring on or after July 1, 2005, to June 30, 2007:~~

~~(1) general assistance medical care expenditures for fee for service inpatient and outpatient hospital payments made by the department shall be considered Medicaid disproportionate share hospital payments, except as limited below:~~

~~(i) only the portion of Minnesota's disproportionate share hospital allotment under section 1923(f) of the Social Security Act that is not spent on the disproportionate population adjustments in paragraph (b), clauses (1) and (2), may be used for general assistance medical care expenditures;~~

~~(ii) only those general assistance medical care expenditures made to hospitals that qualify for disproportionate share payments under section 1923 of the Social Security Act and the Medicaid state plan may be considered disproportionate share hospital payments;~~

~~(iii) only those general assistance medical care expenditures made to an individual hospital that would not cause the hospital to exceed its individual hospital limits under section 1923 of the Social Security Act may be considered; and~~

~~(iv) general assistance medical care expenditures may be considered only to the extent of Minnesota's aggregate allotment under section 1923 of the Social Security Act.~~

~~All hospitals and prepaid health plans participating in general assistance medical care must provide any necessary expenditure, cost, and revenue information required by the commissioner as necessary for purposes of obtaining federal Medicaid matching funds for general assistance medical care expenditures; and~~

~~(2) (c)~~ Certified public expenditures made by Hennepin County Medical Center shall be considered Medicaid disproportionate share hospital payments. Hennepin County and Hennepin County Medical Center shall report by June 15, 2007, on payments made beginning July 1, 2005, or another date specified by the commissioner, that may qualify for reimbursement under federal law. Based on these reports, the commissioner shall apply for federal matching funds.

~~(g) (d)~~ Upon federal approval of the related state plan amendment, paragraph ~~(f) (c)~~ is effective retroactively from July 1, 2005, or the earliest effective date approved by the Centers for Medicare and Medicaid Services.

Sec. 17. Minnesota Statutes 2012, section 256.969, subdivision 10, is amended to read:

Subd. 10. **Separate billing by certified registered nurse anesthetists.** Hospitals ~~may~~ must exclude certified registered nurse anesthetist costs from the operating payment rate ~~as allowed by section 256B.0625, subdivision 11.~~ To be eligible, a hospital must notify the commissioner in writing by October 1 of even numbered years to exclude certified registered nurse anesthetist costs. The hospital must agree that all hospital claims for the cost and charges of certified registered nurse anesthetist services will not be included as part of the rates for inpatient services provided during the rate year. In this case, the operating payment rate shall be adjusted to exclude the cost of certified registered nurse anesthetist services.

~~For admissions occurring on or after July 1, 1991, and until the expiration date of section 256.9695, subdivision 3, services of certified registered nurse anesthetists provided on an inpatient basis may be paid as allowed by section 256B.0625, subdivision 11, when the hospital's base year did not include the cost of these services. To be eligible, a hospital must notify the commissioner in writing by July 1, 1991, of the request and must comply with all other requirements of this subdivision.~~

Sec. 18. Minnesota Statutes 2012, section 256.969, subdivision 14, is amended to read:

Subd. 14. **Transfers.** ~~Except as provided in subdivisions 11 and 13,~~ Operating and property payment rates for admissions that result in transfers and transfers shall be established on a per day payment system. The per day payment rate shall be the sum of the adjusted operating and property payment rates determined under this subdivision and subdivisions 2, 2b, 2c, 3a, 4a, 5a, and ~~7~~ 8 to 12, divided by the arithmetic mean length of stay for the diagnostic category. Each admission that results in a transfer and each transfer is considered a separate admission to each hospital, and the total of the admission and transfer payments to each hospital must not exceed the total per admission payment that would otherwise be made to each hospital under this subdivision and subdivisions 2, 2b, 2c, 3a, 4a, 5a, and ~~7 to 13~~ 8 to 12.

Sec. 19. Minnesota Statutes 2012, section 256.969, subdivision 17, is amended to read:

Subd. 17. **Out-of-state hospitals in local trade areas.** Out-of-state hospitals that are located within a Minnesota local trade area and that have more than 20 admissions in the base year or years shall have rates established using the same procedures and methods that apply to Minnesota hospitals. For this subdivision and

subdivision 18, local trade area means a county contiguous to Minnesota and located in a metropolitan statistical area as determined by Medicare for October 1 prior to the most current rebased rate year. Hospitals that are not required by law to file information in a format necessary to establish rates shall have rates established based on the commissioner's estimates of the information. Relative values of the diagnostic categories shall not be redetermined under this subdivision until required by ~~rule~~ statute. Hospitals affected by this subdivision shall then be included in determining relative values. However, hospitals that have rates established based upon the commissioner's estimates of information shall not be included in determining relative values. This subdivision is effective for hospital fiscal years beginning on or after July 1, 1988. A hospital shall provide the information necessary to establish rates under this subdivision at least 90 days before the start of the hospital's fiscal year.

Sec. 20. Minnesota Statutes 2012, section 256.969, subdivision 30, is amended to read:

Subd. 30. **Payment rates for births.** (a) For admissions occurring on or after ~~October 1, 2009~~ September 1, 2014, the total operating and property payment rate, excluding disproportionate population adjustment, for the following diagnosis-related groups, as they fall within the ~~diagnostic~~ APR-DRG categories: (1) ~~371 cesarean section without complicating diagnosis~~ 5601, 5602, 5603, 5604 vaginal delivery; and (2) ~~372 vaginal delivery with complicating diagnosis; and~~ (3) ~~373 vaginal delivery without complicating diagnosis~~ 5401, 5402, 5403, 5404 cesarean section, shall be no greater than \$3,528.

(b) The rates described in this subdivision do not include newborn care.

(c) Payments to managed care and county-based purchasing plans under section 256B.69, 256B.692, or 256L.12 shall be reduced for services provided on or after October 1, 2009, to reflect the adjustments in paragraph (a).

(d) Prior authorization shall not be required before reimbursement is paid for a cesarean section delivery.

Sec. 21. Minnesota Statutes 2012, section 256B.04, is amended by adding a subdivision to read:

Subd. 24. **Medicaid waiver requests and state plan amendments.** Prior to submitting any Medicaid waiver request or Medicaid state plan amendment to the federal government for approval, the commissioner shall publish the text of the waiver request or state plan amendment, and a summary of and explanation of the need for the request, on the agency's Web site and provide a 30-day public comment period. The commissioner shall notify the public of the availability of this information through the agency's electronic subscription service. The commissioner shall consider public comments when preparing the final waiver request or state plan amendment that is to be submitted to the federal government for approval. The commissioner shall also publish on the agency's Web site notice of any federal decision related to the state request for approval, within 30 days of the decision. This notice must describe any modifications to the state request that have been agreed to by the commissioner as a condition of receiving federal approval.

Sec. 22. Minnesota Statutes 2013 Supplement, section 256B.056, subdivision 5c, is amended to read:

Subd. 5c. **Excess income standard.** (a) The excess income standard for parents and caretaker relatives, pregnant women, infants, and children ages two through 20 is the standard specified in subdivision 4, paragraph (b).

(b) The excess income standard for a person whose eligibility is based on blindness, disability, or age of 65 or more years shall equal 75 percent of the federal poverty guidelines. The excess income standard under this paragraph shall equal 80 percent of the federal poverty guidelines, effective January 1, 2017.

Sec. 23. Minnesota Statutes 2012, section 256B.0625, subdivision 30, is amended to read:

Subd. 30. **Other clinic services.** (a) Medical assistance covers rural health clinic services, federally qualified health center services, nonprofit community health clinic services, and public health clinic services. Rural health clinic services and federally qualified health center services mean services defined in United States Code, title 42, section 1396d(a)(2)(B) and (C). Payment for rural health clinic and federally qualified health center services shall be made according to applicable federal law and regulation.

(b) A federally qualified health center that is beginning initial operation shall submit an estimate of budgeted costs and visits for the initial reporting period in the form and detail required by the commissioner. A federally qualified health center that is already in operation shall submit an initial report using actual costs and visits for the initial reporting period. Within 90 days of the end of its reporting period, a federally qualified health center shall submit, in the form and detail required by the commissioner, a report of its operations, including allowable costs actually incurred for the period and the actual number of visits for services furnished during the period, and other information required by the commissioner. Federally qualified health centers that file Medicare cost reports shall provide the commissioner with a copy of the most recent Medicare cost report filed with the Medicare program intermediary for the reporting year which support the costs claimed on their cost report to the state.

(c) In order to continue cost-based payment under the medical assistance program according to paragraphs (a) and (b), a federally qualified health center or rural health clinic must apply for designation as an essential community provider within six months of final adoption of rules by the Department of Health according to section 62Q.19, subdivision 7. For those federally qualified health centers and rural health clinics that have applied for essential community provider status within the six-month time prescribed, medical assistance payments will continue to be made according to paragraphs (a) and (b) for the first three years after application. For federally qualified health centers and rural health clinics that either do not apply within the time specified above or who have had essential community provider status for three years, medical assistance payments for health services provided by these entities shall be according to the same rates and conditions applicable to the same service provided by health care providers that are not federally qualified health centers or rural health clinics.

(d) Effective July 1, 1999, the provisions of paragraph (c) requiring a federally qualified health center or a rural health clinic to make application for an essential community provider designation in order to have cost-based payments made according to paragraphs (a) and (b) no longer apply.

(e) Effective January 1, 2000, payments made according to paragraphs (a) and (b) shall be limited to the cost phase-out schedule of the Balanced Budget Act of 1997.

(f) Effective January 1, 2001, each federally qualified health center and rural health clinic may elect to be paid either under the prospective payment system established in United States Code, title 42, section 1396a(aa), or under an alternative payment methodology consistent with the requirements of United States Code, title 42, section 1396a(aa), and approved by the Centers for Medicare and Medicaid Services. The alternative payment methodology shall be 100 percent of cost as determined according to Medicare cost principles.

(g) For purposes of this section, "nonprofit community clinic" is a clinic that:

(1) has nonprofit status as specified in chapter 317A;

(2) has tax exempt status as provided in Internal Revenue Code, section 501(c)(3);

(3) is established to provide health services to low-income population groups, uninsured, high-risk and special needs populations, underserved and other special needs populations;

(4) employs professional staff at least one-half of which are familiar with the cultural background of their clients;

(5) charges for services on a sliding fee scale designed to provide assistance to low-income clients based on current poverty income guidelines and family size; and

(6) does not restrict access or services because of a client's financial limitations or public assistance status and provides no-cost care as needed.

(h) Effective for dates of service on and after January 1, 2015, all claims for payment of clinic services provided by federally qualified health centers and rural health clinics shall be submitted directly to the commissioner and paid by the commissioner. The commissioner shall provide claims information received by the commissioner under this paragraph for recipients enrolled in managed care to managed care organizations on a regular basis.

(i) For clinic services provided prior to January 1, 2015, the commissioner shall calculate and pay monthly the proposed managed care supplemental payments to clinics and clinics shall conduct a timely review of the payment calculation data in order to finalize all supplemental payments in accordance with federal law. Any issues arising from a clinic's review must be reported to the commissioner by January 1, 2017. Upon final agreement between the commissioner and a clinic on issues identified under this subdivision, and in accordance with United States Code, title 42, section 1396a(bb), no supplemental payments for managed care claims for dates of service prior to January 1, 2015, shall be made after June 30, 2017. If the commissioner and clinics are unable to resolve issues under this subdivision, the parties shall submit the dispute to the arbitration process under section 14.57.

Sec. 24. Minnesota Statutes 2012, section 256B.0751, is amended by adding a subdivision to read:

Subd. 10. Health care homes advisory committee. (a) The commissioners of health and human services shall establish a health care homes advisory committee to advise the commissioners on the ongoing statewide implementation of the health care homes program authorized in this section.

(b) The commissioners shall establish an advisory committee that includes representatives of the health care professions such as primary care providers; mental health providers; nursing and care coordinators; certified health care home clinics with statewide representation; health plan companies; state agencies; employers; academic researchers; consumers; and organizations that work to improve health care quality in Minnesota. At least 25 percent of the committee members must be consumers or patients in health care homes. The commissioners, in making appointments to the committee, shall ensure geographic representation of all regions of the state.

(c) The advisory committee shall advise the commissioners on ongoing implementation of the health care homes program, including, but not limited to, the following activities:

(1) implementation of certified health care homes across the state on performance management and implementation of benchmarking;

(2) implementation of modifications to the health care homes program based on results of the legislatively mandated health care home evaluation;

(3) statewide solutions for engagement of employers and commercial payers;

(4) potential modifications of the health care home rules or statutes;

(5) consumer engagement, including patient and family-centered care, patient activation in health care, and shared decision making;

(6) oversight for health care home subject matter task forces or workgroups; and

(7) other related issues as requested by the commissioners.

(d) The advisory committee shall have the ability to establish subcommittees on specific topics. The advisory committee is governed by section 15.059. Notwithstanding section 15.059, the advisory committee does not expire.

Sec. 25. Minnesota Statutes 2012, section 256B.199, is amended to read:

256B.199 PAYMENTS REPORTED BY GOVERNMENTAL ENTITIES.

(a) ~~Effective July 1, 2007, The commissioner shall apply for federal matching funds for the expenditures in paragraphs (b) and (c). Effective September 1, 2011, the commissioner shall apply for matching funds for expenditures in paragraph (c).~~

(b) The commissioner shall apply for federal matching funds for certified public expenditures as follows:

~~(1) Hennepin County, Hennepin County Medical Center, Ramsey County, Regions Hospital, the University of Minnesota, and Fairview University Medical Center shall report quarterly to the commissioner beginning June 1, 2007, payments made during the second previous quarter that may qualify for reimbursement under federal law;~~

~~(2) based on these reports, the commissioner shall apply for federal matching funds. These funds are appropriated to the commissioner for the payments under section 256.969, subdivision 27; and~~

~~(3) By May 1 of each year, beginning May 1, 2007, the commissioner shall inform the nonstate entities listed in paragraph (a) of the amount of federal disproportionate share hospital payment money expected to be available in the current federal fiscal year.~~

~~(c) The commissioner shall apply for federal matching funds for general assistance medical care expenditures as follows:~~

~~(1) for hospital services occurring on or after July 1, 2007, general assistance medical care expenditures for fee-for-service inpatient and outpatient hospital payments made by the department shall be used to apply for federal matching funds, except as limited below:~~

~~(i) only those general assistance medical care expenditures made to an individual hospital that would not cause the hospital to exceed its individual hospital limits under section 1923 of the Social Security Act may be considered; and~~

~~(ii) general assistance medical care expenditures may be considered only to the extent of Minnesota's aggregate allotment under section 1923 of the Social Security Act; and~~

~~(2) all hospitals must provide any necessary expenditure, cost, and revenue information required by the commissioner as necessary for purposes of obtaining federal Medicaid matching funds for general assistance medical care expenditures.~~

~~(d) For the period from April 1, 2009, to September 30, 2010, the commissioner shall apply for additional federal matching funds available as disproportionate share hospital payments under the American Recovery and Reinvestment Act of 2009. These funds shall be made available as the state share of payments under section 256.969, subdivision 28. The entities required to report certified public expenditures under paragraph (b), clause (1), shall report additional certified public expenditures as necessary under this paragraph.~~

~~(e)~~ (c) For services provided on or after September 1, 2011, the commissioner shall apply for additional federal matching funds available as disproportionate share hospital payments under the MinnesotaCare program ~~according to the requirements and conditions of paragraph (e)~~. A hospital may elect on an annual basis to not be a disproportionate share hospital for purposes of this paragraph, if the hospital does not qualify for a payment under section 256.969, subdivision 9, paragraph (b).

Sec. 26. Minnesota Statutes 2012, section 256B.35, subdivision 1, is amended to read:

Subdivision 1. **Personal needs allowance.** (a) Notwithstanding any law to the contrary, welfare allowances for clothing and personal needs for individuals receiving medical assistance while residing in any skilled nursing home, intermediate care facility, or medical institution including recipients of Supplemental Security Income, in this state shall not be less than \$45 per month from all sources. When benefit amounts for Social Security or Supplemental Security Income recipients are increased pursuant to United States Code, title 42, sections 415(i) and 1382f, the commissioner shall, effective in the month in which the increase takes effect, increase by the same percentage to the nearest whole dollar the clothing and personal needs allowance for individuals receiving medical assistance while residing in any skilled nursing home, medical institution, or intermediate care facility. The commissioner shall provide timely notice to local agencies, providers, and recipients of increases under this provision.

(b) The personal needs allowance may be paid as part of the Minnesota supplemental aid program, and payments to recipients of Minnesota supplemental aid may be made once each three months covering liabilities that accrued during the preceding three months.

(c) The personal needs allowance shall be increased to include income garnished for child support under a court order, up to a maximum of \$250 per month but only to the extent that the amount garnished is not deducted as a monthly allowance for children under section 256B.0575, paragraph (a), clause (5).

(d) Solely for the purpose of section 256B.0575, subdivision 1, paragraph (a), clause (1), the personal needs allowance shall be increased to include income garnished for spousal maintenance under a judgment and decree for dissolution of marriage, and any administrative fees garnished for collection efforts.

Sec. 27. Minnesota Statutes 2013 Supplement, section 256B.69, subdivision 34, is amended to read:

Subd. 34. **Supplemental recovery program.** The commissioner shall conduct a supplemental recovery program for third-party liabilities, identified through coordination of benefits, not recovered by managed care plans and county-based purchasing plans for state public health programs. Any third-party liability identified through coordination of benefits, and recovered by the commissioner more than ~~six~~ eight months after the date a managed care plan or county-based purchasing plan ~~receives~~ adjudicates a health care claim, based on accurate and timely coordination of benefits information from the commissioner, shall be retained by the commissioner and deposited in the general fund. The commissioner shall establish a mechanism, including a reconciliation process, for managed care plans and county-based purchasing plans to coordinate third-party liability collections efforts resulting from coordination of benefits under this subdivision with the commissioner to ensure there is no duplication of efforts. The coordination mechanism must be consistent with the reporting requirements in subdivision 9c.

Sec. 28. **MEDICAL ASSISTANCE SPENDDOWN REQUIREMENTS.**

The commissioner of human services, in consultation with interested stakeholders, shall review medical assistance spenddown requirements and processes, including those used in other states, for individuals with disabilities and seniors age 65 years of age or older. Based on this review, the commissioner shall recommend alternative medical assistance spenddown payment requirements and processes that:

(1) are practical for current and potential medical assistance recipients, providers, and the Department of Human Services;

(2) improve the medical assistance payment process for providers; and

(3) allow current and potential medical assistance recipients to obtain consistent and affordable medical coverage.

The commissioner shall report these recommendations, along with the projected cost, to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance by November 15, 2015.

Sec. 29. **REPEALER.**

Minnesota Statutes 2012, sections 256.969, subdivisions 8b, 9a, 9b, 11, 13, 20, 21, 22, 25, 26, 27, and 28; and 256.9695, subdivisions 3 and 4, are repealed.

ARTICLE 3 NORTHSTAR CARE FOR CHILDREN

Section 1. Minnesota Statutes 2012, section 245C.05, subdivision 5, is amended to read:

Subd. 5. **Fingerprints.** (a) Except as provided in paragraph (c), for any background study completed under this chapter, when the commissioner has reasonable cause to believe that further pertinent information may exist on the subject of the background study, the subject shall provide the commissioner with a set of classifiable fingerprints obtained from an authorized agency.

(b) For purposes of requiring fingerprints, the commissioner has reasonable cause when, but not limited to, the:

(1) information from the Bureau of Criminal Apprehension indicates that the subject is a multistate offender;

(2) information from the Bureau of Criminal Apprehension indicates that multistate offender status is undetermined; or

(3) commissioner has received a report from the subject or a third party indicating that the subject has a criminal history in a jurisdiction other than Minnesota.

(c) Except as specified under section 245C.04, subdivision 1, paragraph (d), for background studies conducted by the commissioner for child foster care ~~or~~, adoptions, or a transfer of permanent legal and physical custody of a child, the subject of the background study, who is 18 years of age or older, shall provide the commissioner with a set of classifiable fingerprints obtained from an authorized agency.

Sec. 2. Minnesota Statutes 2013 Supplement, 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 from the national crime information system when the commissioner has reasonable cause as defined under section 245C.05, subdivision 5; and

(6) for a background study related to a child foster care application for licensure, a transfer of permanent legal and physical custody of a child under sections 260C.503 to 260C.515, or adoptions, 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; and

(ii) information from national crime information databases, when the background study subject is 18 years of age or older.

(b) Notwithstanding expungement by a court, the commissioner may consider information obtained under paragraph (a), clauses (3) and (4), unless the commissioner received notice of the petition for expungement and the court 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.

Sec. 3. Minnesota Statutes 2012, section 245C.33, subdivision 1, is amended to read:

Subdivision 1. **Background studies conducted by commissioner.** (a) Before placement of a child for purposes of adoption, the commissioner shall conduct a background study on individuals listed in ~~section~~ sections 259.41, subdivision 3, and 260C.611, for county agencies and private agencies licensed to place children for adoption. When a prospective adoptive parent is seeking to adopt a child who is currently placed in the prospective adoptive parent's home and is under the guardianship of the commissioner according to section 260C.325, subdivision 1, paragraph (b), and the prospective adoptive parent holds a child foster care license, a new background study is not required when:

(1) a background study was completed on persons required to be studied under section 245C.03 in connection with the application for child foster care licensure after July 1, 2007;

(2) the background study included a review of the information in section 245C.08, subdivisions 1, 3, and 4; and

(3) as a result of the background study, the individual was either not disqualified or, if disqualified, the disqualification was set aside under section 245C.22, or a variance was issued under section 245C.30.

(b) Before the kinship placement agreement is signed for the purpose of transferring permanent legal and physical custody to a relative under sections 260C.503 to 260C.515, the commissioner shall conduct a background study on each person age 13 or older living in the home. When a prospective relative custodian has a child foster care license, a new background study is not required when:

(1) a background study was completed on persons required to be studied under section 245C.03 in connection with the application for child foster care licensure after July 1, 2007;

(2) the background study included a review of the information in section 245C.08, subdivisions 1, 3, and 4; and

(3) as a result of the background study, the individual was either not disqualified or, if disqualified, the disqualification was set aside under section 245C.22, or a variance was issued under section 245C.30. The commissioner and the county agency shall expedite any request for a set aside or variance for a background study required under chapter 256N.

Sec. 4. Minnesota Statutes 2012, section 245C.33, subdivision 4, is amended to read:

Subd. 4. **Information commissioner reviews.** (a) The commissioner shall review the following information regarding the background study subject:

(1) the information under section 245C.08, subdivisions 1, 3, and 4;

(2) information from the child abuse and neglect registry for any state in which the subject has resided for the past five years; and

(3) information from national crime information databases, when required under section 245C.08.

(b) The commissioner shall provide any information collected under this subdivision to the county or private agency that initiated the background study. The commissioner shall also provide the agency:

(1) notice whether the information collected shows that the subject of the background study has a conviction listed in United States Code, title 42, section 671(a)(20)(A); and

(2) for background studies conducted under subdivision 1, paragraph (a), the date of all adoption-related background studies completed on the subject by the commissioner after June 30, 2007, and the name of the county or private agency that initiated the adoption-related background study.

Sec. 5. Minnesota Statutes 2013 Supplement, section 256N.22, subdivision 1, is amended to read:

Subdivision 1. **General eligibility requirements.** (a) To be eligible for guardianship assistance under this section, there must be a judicial determination under section 260C.515, subdivision 4, that a transfer of permanent legal and physical custody to a relative is in the child's best interest. For a child under jurisdiction of a tribal court, a judicial determination under a similar provision in tribal code indicating that a relative will assume the duty and authority to provide care, control, and protection of a child who is residing in foster care, and to make decisions regarding the child's education, health care, and general welfare until adulthood, and that this is in the child's best interest is considered equivalent. Additionally, a child must:

(1) have been removed from the child's home pursuant to a voluntary placement agreement or court order;

(2)(i) have resided ~~in~~ with the prospective relative custodian who has been a licensed child foster care parent for at least six consecutive months ~~in the home of the prospective relative custodian;~~ or

(ii) have received from the commissioner an exemption from the requirement in item (i) ~~from the court~~ that the prospective relative custodian has been a licensed child foster parent for at least six consecutive months, based on a determination that:

(A) an expedited move to permanency is in the child's best interest;

(B) expedited permanency cannot be completed without provision of guardianship assistance; ~~and~~

(C) the prospective relative custodian is uniquely qualified to meet the child's needs, as defined in section 260C.212, subdivision 2, on a permanent basis;

(D) the child and prospective relative custodian meet the eligibility requirements of this section; and

(E) efforts were made by the legally responsible agency to place the child with the prospective relative custodian as a licensed child foster parent for six consecutive months before permanency, or an explanation why these efforts were not in the child's best interests;

(3) meet the agency determinations regarding permanency requirements in subdivision 2;

(4) meet the applicable citizenship and immigration requirements in subdivision 3;

(5) have been consulted regarding the proposed transfer of permanent legal and physical custody to a relative, if the child is at least 14 years of age or is expected to attain 14 years of age prior to the transfer of permanent legal and physical custody; and

(6) have a written, binding agreement under section 256N.25 among the caregiver or caregivers, the financially responsible agency, and the commissioner established prior to transfer of permanent legal and physical custody.

(b) In addition to the requirements in paragraph (a), the child's prospective relative custodian or custodians must meet the applicable background study requirements in subdivision 4.

(c) To be eligible for title IV-E guardianship assistance, a child must also meet any additional criteria in section 473(d) of the Social Security Act. The sibling of a child who meets the criteria for title IV-E guardianship assistance in section 473(d) of the Social Security Act is eligible for title IV-E guardianship assistance if the child and sibling are placed with the same prospective relative custodian or custodians, and the legally responsible agency, relatives, and commissioner agree on the appropriateness of the arrangement for the sibling. A child who meets all eligibility criteria except those specific to title IV-E guardianship assistance is entitled to guardianship assistance paid through funds other than title IV-E.

Sec. 6. Minnesota Statutes 2013 Supplement, section 256N.22, subdivision 2, is amended to read:

Subd. 2. **Agency determinations regarding permanency.** (a) To be eligible for guardianship assistance, the legally responsible agency must complete the following determinations regarding permanency for the child prior to the transfer of permanent legal and physical custody:

(1) a determination that reunification and adoption are not appropriate permanency options for the child; and

(2) a determination that the child demonstrates a strong attachment to the prospective relative custodian and the prospective relative custodian has a strong commitment to caring permanently for the child.

(b) The legally responsible agency shall document the determinations in paragraph (a) and ~~the eligibility requirements in this section that comply with United States Code, title 42, sections 673(d) and 675(1)(F)~~. These determinations must be documented in a kinship placement agreement, which must be in the format prescribed by the commissioner and must be signed by the prospective relative custodian and the legally responsible agency. In the case of a Minnesota tribe, the determinations and eligibility requirements in this section may be provided in an alternative format approved by the commissioner. Supporting information for completing each determination must be documented in the legally responsible agency's case file and make them available for review as requested by the financially responsible agency and the commissioner during the guardianship assistance eligibility determination process.

Sec. 7. Minnesota Statutes 2013 Supplement, section 256N.22, subdivision 4, is amended to read:

Subd. 4. **Background study.** (a) A background study ~~under section 245C.33~~ must be completed on each prospective relative custodian and any other adult residing in the home of the prospective relative custodian. The background study must meet the requirements of United States Code, title 42, section 671(a)(20). A study completed under section 245C.33 meets this requirement. A background study on the prospective relative custodian or adult residing in the household previously completed under ~~section 245C.04~~ chapter 245C for the purposes of child foster care licensure may under chapter 245A or licensure by a Minnesota tribe, shall be used for the purposes of this section, provided that the background study ~~is current~~ meets the requirements of this subdivision and the prospective relative custodian is a licensed child foster parent at the time of the application for guardianship assistance.

(b) If the background study reveals:

(1) a felony conviction at any time for:

(i) child abuse or neglect;

(ii) spousal abuse;

(iii) a crime against a child, including child pornography; or

(iv) a crime involving violence, including rape, sexual assault, or homicide, but not including other physical assault or battery; or

(2) a felony conviction within the past five years for:

(i) physical assault;

(ii) battery; or

(iii) a drug-related offense;

the prospective relative custodian is prohibited from receiving guardianship assistance on behalf of an otherwise eligible child.

Sec. 8. Minnesota Statutes 2013 Supplement, section 256N.23, subdivision 4, is amended to read:

Subd. 4. **Background study.** (a) A background study ~~under section 259.41~~ must be completed on each prospective adoptive parent- and all other adults residing in the home. A background study must meet the requirements of United States Code, title 42, section 671(a)(20). A study completed under section 245C.33 meets this requirement. If the prospective adoptive parent is a licensed child foster parent licensed under chapter 245A or by a Minnesota tribe, the background study previously completed for the purposes of child foster care licensure shall be used for the purpose of this section, provided that the background study meets all other requirements of this subdivision and the prospective adoptive parent is a licensed child foster parent at the time of the application for adoption assistance.

(b) If the background study reveals:

(1) a felony conviction at any time for:

(i) child abuse or neglect;

- (ii) spousal abuse;
 - (iii) a crime against a child, including child pornography; or
 - (iv) a crime involving violence, including rape, sexual assault, or homicide, but not including other physical assault or battery; or
- (2) a felony conviction within the past five years for:
- (i) physical assault;
 - (ii) battery; or
 - (iii) a drug-related offense;

the adoptive parent is prohibited from receiving adoption assistance on behalf of an otherwise eligible child.

Sec. 9. Minnesota Statutes 2013 Supplement, section 256N.25, subdivision 2, is amended to read:

Subd. 2. **Negotiation of agreement.** (a) When a child is determined to be eligible for guardianship assistance or adoption assistance, the financially responsible agency, or, if there is no financially responsible agency, the agency designated by the commissioner, must negotiate with the caregiver to develop an agreement under subdivision 1. If and when the caregiver and agency reach concurrence as to the terms of the agreement, both parties shall sign the agreement. The agency must submit the agreement, along with the eligibility determination outlined in sections 256N.22, subdivision 7, and 256N.23, subdivision 7, to the commissioner for final review, approval, and signature according to subdivision 1.

(b) A monthly payment is provided as part of the adoption assistance or guardianship assistance agreement to support the care of children unless the child is eligible for adoption assistance and determined to be an at-risk child, in which case ~~the special at-risk monthly payment under section 256N.26, subdivision 7, must~~ no payment will be made unless and until the caregiver obtains written documentation from a qualified expert that the potential disability upon which eligibility for the agreement was based has manifested itself.

(1) The amount of the payment made on behalf of a child eligible for guardianship assistance or adoption assistance is determined through agreement between the prospective relative custodian or the adoptive parent and the financially responsible agency, or, if there is no financially responsible agency, the agency designated by the commissioner, using the assessment tool established by the commissioner in section 256N.24, subdivision 2, and the associated benefit and payments outlined in section 256N.26. Except as provided under section 256N.24, subdivision 1, paragraph (c), the assessment tool establishes the monthly benefit level for a child under foster care. The monthly payment under a guardianship assistance agreement or adoption assistance agreement may be negotiated up to the monthly benefit level under foster care. In no case may the amount of the payment under a guardianship assistance agreement or adoption assistance agreement exceed the foster care maintenance payment which would have been paid during the month if the child with respect to whom the guardianship assistance or adoption assistance payment is made had been in a foster family home in the state.

(2) The rate schedule for the agreement is determined based on the age of the child on the date that the prospective adoptive parent or parents or relative custodian or custodians sign the agreement.

(3) The income of the relative custodian or custodians or adoptive parent or parents must not be taken into consideration when determining eligibility for guardianship assistance or adoption assistance or the amount of the payments under section 256N.26.

(4) With the concurrence of the relative custodian or adoptive parent, the amount of the payment may be adjusted periodically using the assessment tool established by the commissioner in section 256N.24, subdivision 2, and the agreement renegotiated under subdivision 3 when there is a change in the child's needs or the family's circumstances.

~~(5) The guardianship assistance or adoption assistance agreement of a child who is identified as at risk receives the special at risk monthly payment under section 256N.26, subdivision 7, unless and until the potential disability manifests itself, as documented by an appropriate professional, and the commissioner authorizes commencement of payment by modifying the agreement accordingly. A relative custodian or An adoptive parent of an at-risk child with a guardianship assistance or an adoption assistance agreement may request a reassessment of the child under section 256N.24, subdivision ~~9~~ 10, and renegotiation of the guardianship assistance or adoption assistance agreement under subdivision 3 to include a monthly payment, if the caregiver has written documentation from a qualified expert that the potential disability upon which eligibility for the agreement was based has manifested itself. Documentation of the disability must be limited to evidence deemed appropriate by the commissioner.~~

(c) For guardianship assistance agreements:

(1) the initial amount of the monthly guardianship assistance payment must be equivalent to the foster care rate in effect at the time that the agreement is signed less any offsets under section 256N.26, subdivision 11, or a lesser negotiated amount if agreed to by the prospective relative custodian and specified in that agreement, ~~unless the child is identified as at risk or~~ the guardianship assistance agreement is entered into when a child is under the age of six; and

~~(2) an at risk child must be assigned level A as outlined in section 256N.26 and receive the special at risk monthly payment under section 256N.26, subdivision 7, unless and until the potential disability manifests itself, as documented by a qualified expert, and the commissioner authorizes commencement of payment by modifying the agreement accordingly; and~~

~~(3) (2) the amount of the monthly payment for a guardianship assistance agreement for a child, other than an at-risk child, who is under the age of six must be as specified in section 256N.26, subdivision 5.~~

(d) For adoption assistance agreements:

(1) for a child in foster care with the prospective adoptive parent immediately prior to adoptive placement, the initial amount of the monthly adoption assistance payment must be equivalent to the foster care rate in effect at the time that the agreement is signed less any offsets in section 256N.26, subdivision 11, or a lesser negotiated amount if agreed to by the prospective adoptive parents and specified in that agreement, unless the child is identified as at-risk or the adoption assistance agreement is entered into when a child is under the age of six;

(2) for an at-risk child who must be assigned level A as outlined in section 256N.26 ~~and receive the special at-risk monthly payment under section 256N.26, subdivision 7, no payment will be made~~ unless and until the potential disability manifests itself, as documented by an appropriate professional, and the commissioner authorizes commencement of payment by modifying the agreement accordingly;

(3) the amount of the monthly payment for an adoption assistance agreement for a child under the age of six, other than an at-risk child, must be as specified in section 256N.26, subdivision 5;

(4) for a child who is in the guardianship assistance program immediately prior to adoptive placement, the initial amount of the adoption assistance payment must be equivalent to the guardianship assistance payment in effect at the time that the adoption assistance agreement is signed or a lesser amount if agreed to by the prospective adoptive parent and specified in that agreement, unless the child is identified as an at-risk child; and

(5) for a child who is not in foster care placement or the guardianship assistance program immediately prior to adoptive placement or negotiation of the adoption assistance agreement, the initial amount of the adoption assistance agreement must be determined using the assessment tool and process in this section and the corresponding payment amount outlined in section 256N.26.

Sec. 10. Minnesota Statutes 2013 Supplement, section 256N.25, subdivision 3, is amended to read:

Subd. 3. **Renegotiation of agreement.** (a) A relative custodian or adoptive parent of a child with a guardianship assistance or adoption assistance agreement may request renegotiation of the agreement when there is a change in the needs of the child or in the family's circumstances. When a relative custodian or adoptive parent requests renegotiation of the agreement, a reassessment of the child must be completed consistent with section 256N.24, subdivisions 9 and 10. If the reassessment indicates that the child's level has changed, the financially responsible agency or, if there is no financially responsible agency, the agency designated by the commissioner or the commissioner's designee, and the caregiver must renegotiate the agreement to include a payment with the level determined through the reassessment process. The agreement must not be renegotiated unless the commissioner, the financially responsible agency, and the caregiver mutually agree to the changes. The effective date of any renegotiated agreement must be determined by the commissioner.

(b) ~~A relative custodian or~~ An adoptive parent of an at-risk child with ~~a guardianship assistance or an adoption assistance agreement~~ may request renegotiation of the agreement to include a monthly payment ~~higher than the special at-risk monthly payment~~ under section 256N.26, ~~subdivision 7~~, if the caregiver has written documentation from a qualified expert that the potential disability upon which eligibility for the agreement was based has manifested itself. Documentation of the disability must be limited to evidence deemed appropriate by the commissioner. Prior to renegotiating the agreement, a reassessment of the child must be conducted as outlined in section 256N.24, subdivision 9. The reassessment must be used to renegotiate the agreement to include an appropriate monthly payment. The agreement must not be renegotiated unless the commissioner, the financially responsible agency, and the caregiver mutually agree to the changes. The effective date of any renegotiated agreement must be determined by the commissioner.

(c) Renegotiation of a guardianship assistance or adoption assistance agreement is required when one of the circumstances outlined in section 256N.26, subdivision 13, occurs.

Sec. 11. Minnesota Statutes 2013 Supplement, section 256N.26, subdivision 1, is amended to read:

Subdivision 1. **Benefits.** (a) There are three benefits under Northstar Care for Children: medical assistance, basic payment, and supplemental difficulty of care payment.

(b) A child is eligible for medical assistance under subdivision 2.

(c) A child is eligible for the basic payment under subdivision 3, except for a child assigned level A under section 256N.24, subdivision 1, because the child is determined to be an at-risk child receiving ~~guardianship assistance or adoption assistance~~.

(d) A child, including a foster child age 18 to 21, is eligible for an additional supplemental difficulty of care payment under subdivision 4, as determined by the assessment under section 256N.24.

(e) An eligible child entering guardianship assistance or adoption assistance under the age of six receives a basic payment and supplemental difficulty of care payment as specified in subdivision 5.

(f) A child transitioning in from a pre-Northstar Care for Children program under section 256N.28, subdivision 7, shall receive basic and difficulty of care supplemental payments according to those provisions.

Sec. 12. Minnesota Statutes 2013 Supplement, section 256N.27, subdivision 4, is amended to read:

Subd. 4. **Nonfederal share.** (a) The commissioner shall establish a percentage share of the maintenance payments, reduced by federal reimbursements under title IV-E of the Social Security Act, to be paid by the state and to be paid by the financially responsible agency.

(b) These state and local shares must initially be calculated based on the ratio of the average appropriate expenditures made by the state and all financially responsible agencies during calendar years 2011, 2012, 2013, and 2014. For purposes of this calculation, appropriate expenditures for the financially responsible agencies must include basic and difficulty of care payments for foster care reduced by federal reimbursements, but not including any initial clothing allowance, administrative payments to child care agencies specified in section 317A.907, child care, or other support or ancillary expenditures. For purposes of this calculation, appropriate expenditures for the state shall include adoption assistance and relative custody assistance, reduced by federal reimbursements.

(c) For each of the periods January 1, 2015, to June 30, 2016, and fiscal years 2017, 2018, and 2019, the commissioner shall adjust this initial percentage of state and local shares to reflect the relative expenditure trends during calendar years 2011, 2012, 2013, and 2014, taking into account appropriations for Northstar Care for Children and the turnover rates of the components. In making these adjustments, the commissioner's goal shall be to make these state and local expenditures other than the appropriations for Northstar Care for Children to be the same as they would have been had Northstar Care for Children not been implemented, or if that is not possible, proportionally higher or lower, as appropriate. Except for adjustments so that the costs of the phase-in are borne by the state, the state and local share percentages for fiscal year 2019 must be used for all subsequent years.

Sec. 13. Minnesota Statutes 2012, section 257.85, subdivision 11, is amended to read:

Subd. 11. **Financial considerations.** (a) Payment of relative custody assistance under a relative custody assistance agreement is subject to the availability of state funds and payments may be reduced or suspended on order of the commissioner if insufficient funds are available.

(b) ~~Upon receipt from a local agency of a claim for reimbursement, the commissioner shall reimburse the local agency in an amount equal to 100 percent of the relative custody assistance payments provided to relative custodians. The~~ A local agency may not seek and the commissioner shall not provide reimbursement for the administrative costs associated with performing the duties described in subdivision 4.

(c) For the purposes of determining eligibility or payment amounts under MFIP, relative custody assistance payments shall be excluded in determining the family's available income.

(d) For expenditures made on or before December 31, 2014, upon receipt from a local agency of a claim for reimbursement, the commissioner shall reimburse the local agency in an amount equal to 100 percent of the relative custody assistance payments provided to relative custodians.

(e) For expenditures made on or after January 1, 2015, upon receipt from a local agency of a claim for reimbursement, the commissioner shall reimburse the local agency as part of the Northstar Care for Children fiscal reconciliation process under section 256N.27.

Sec. 14. Minnesota Statutes 2012, section 260C.212, subdivision 1, is amended to read:

Subdivision 1. **Out-of-home placement; plan.** (a) An out-of-home placement plan shall be prepared within 30 days after any child is placed in foster care by court order or a voluntary placement agreement between the responsible social services agency and the child's parent pursuant to section 260C.227 or chapter 260D.

(b) An out-of-home placement plan means a written document which is prepared by the responsible social services agency jointly with the parent or parents or guardian of the child and in consultation with the child's guardian ad litem, the child's tribe, if the child is an Indian child, the child's foster parent or representative of the foster care facility, and, where appropriate, the child. For a child in voluntary foster care for treatment under chapter 260D, preparation of the out-of-home placement plan shall additionally include the child's mental health treatment provider. As appropriate, the plan shall be:

(1) submitted to the court for approval under section 260C.178, subdivision 7;

(2) ordered by the court, either as presented or modified after hearing, under section 260C.178, subdivision 7, or 260C.201, subdivision 6; and

(3) signed by the parent or parents or guardian of the child, the child's guardian ad litem, a representative of the child's tribe, the responsible social services agency, and, if possible, the child.

(c) The out-of-home placement plan shall be explained to all persons involved in its implementation, including the child who has signed the plan, and shall set forth:

(1) a description of the foster care home or facility selected, including how the out-of-home placement plan is designed to achieve a safe placement for the child in the least restrictive, most family-like, setting available which is in close proximity to the home of the parent or parents or guardian of the child when the case plan goal is reunification, and how the placement is consistent with the best interests and special needs of the child according to the factors under subdivision 2, paragraph (b);

(2) the specific reasons for the placement of the child in foster care, and when reunification is the plan, a description of the problems or conditions in the home of the parent or parents which necessitated removal of the child from home and the changes the parent or parents must make in order for the child to safely return home;

(3) a description of the services offered and provided to prevent removal of the child from the home and to reunify the family including:

(i) the specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (2), and the time period during which the actions are to be taken; and

(ii) the reasonable efforts, or in the case of an Indian child, active efforts to be made to achieve a safe and stable home for the child including social and other supportive services to be provided or offered to the parent or parents or guardian of the child, the child, and the residential facility during the period the child is in the residential facility;

(4) a description of any services or resources that were requested by the child or the child's parent, guardian, foster parent, or custodian since the date of the child's placement in the residential facility, and whether those services or resources were provided and if not, the basis for the denial of the services or resources;

(5) the visitation plan for the parent or parents or guardian, other relatives as defined in section 260C.007, subdivision 27, and siblings of the child if the siblings are not placed together in foster care, and whether visitation is consistent with the best interest of the child, during the period the child is in foster care;

(6) when a child cannot return to or be in the care of either parent, documentation of steps to finalize the permanency plan for the child, including:

(i) reasonable efforts to place the child for adoption or legal guardianship of the child if the court has issued an order terminating the rights of both parents of the child or of the only known, living parent of the child. At a minimum, the documentation must include consideration of whether adoption is in the best interests of the child,

child-specific recruitment efforts such as relative search and the use of state, regional, and national adoption exchanges to facilitate orderly and timely placements in and outside of the state. A copy of this documentation shall be provided to the court in the review required under section 260C.317, subdivision 3, paragraph (b); and

(ii) documentation necessary to support the requirements of the kinship placement agreement under section 256N.22 when adoption is determined not to be in the child's best interest;

(7) efforts to ensure the child's educational stability while in foster care, including:

(i) efforts to ensure that the child remains in the same school in which the child was enrolled prior to placement or upon the child's move from one placement to another, including efforts to work with the local education authorities to ensure the child's educational stability; or

(ii) if it is not in the child's best interest to remain in the same school that the child was enrolled in prior to placement or move from one placement to another, efforts to ensure immediate and appropriate enrollment for the child in a new school;

(8) the educational records of the child including the most recent information available regarding:

(i) the names and addresses of the child's educational providers;

(ii) the child's grade level performance;

(iii) the child's school record;

(iv) a statement about how the child's placement in foster care takes into account proximity to the school in which the child is enrolled at the time of placement; and

(v) any other relevant educational information;

(9) the efforts by the local agency to ensure the oversight and continuity of health care services for the foster child, including:

(i) the plan to schedule the child's initial health screens;

(ii) how the child's known medical problems and identified needs from the screens, including any known communicable diseases, as defined in section 144.4172, subdivision 2, will be monitored and treated while the child is in foster care;

(iii) how the child's medical information will be updated and shared, including the child's immunizations;

(iv) who is responsible to coordinate and respond to the child's health care needs, including the role of the parent, the agency, and the foster parent;

(v) who is responsible for oversight of the child's prescription medications;

(vi) how physicians or other appropriate medical and nonmedical professionals will be consulted and involved in assessing the health and well-being of the child and determine the appropriate medical treatment for the child; and

(vii) the responsibility to ensure that the child has access to medical care through either medical insurance or medical assistance;

(10) the health records of the child including information available regarding:

(i) the names and addresses of the child's health care and dental care providers;

(ii) a record of the child's immunizations;

(iii) the child's known medical problems, including any known communicable diseases as defined in section 144.4172, subdivision 2;

(iv) the child's medications; and

(v) any other relevant health care information such as the child's eligibility for medical insurance or medical assistance;

(11) an independent living plan for a child age 16 or older. The plan should include, but not be limited to, the following objectives:

(i) educational, vocational, or employment planning;

(ii) health care planning and medical coverage;

(iii) transportation including, where appropriate, assisting the child in obtaining a driver's license;

(iv) money management, including the responsibility of the agency to ensure that the youth annually receives, at no cost to the youth, a consumer report as defined under section 13C.001 and assistance in interpreting and resolving any inaccuracies in the report;

(v) planning for housing;

(vi) social and recreational skills; and

(vii) establishing and maintaining connections with the child's family and community; and

(12) for a child in voluntary foster care for treatment under chapter 260D, diagnostic and assessment information, specific services relating to meeting the mental health care needs of the child, and treatment outcomes.

(d) The parent or parents or guardian and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or the child's legal guardian. The parent or parents may also receive assistance from any person or social services agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved or approved or ordered by the court, the foster parents shall be fully informed of the provisions of the case plan and shall be provided a copy of the plan.

Upon discharge from foster care, the parent, adoptive parent, or permanent legal and physical custodian, as appropriate, and the child, if appropriate, must be provided with a current copy of the child's health and education record.

Sec. 15. Minnesota Statutes 2012, section 260C.515, subdivision 4, is amended to read:

Subd. 4. **Custody to relative.** The court may order permanent legal and physical custody to a fit and willing relative in the best interests of the child according to the following ~~conditions~~ requirements:

(1) an order for transfer of permanent legal and physical custody to a relative shall only be made after the court has reviewed the suitability of the prospective legal and physical custodian;

(2) in transferring permanent legal and physical custody to a relative, the juvenile court shall follow the standards applicable under this chapter and chapter 260, and the procedures in the Minnesota Rules of Juvenile Protection Procedure;

(3) a transfer of legal and physical custody includes responsibility for the protection, education, care, and control of the child and decision making on behalf of the child;

(4) a permanent legal and physical custodian may not return a child to the permanent care of a parent from whom the court removed custody without the court's approval and without notice to the responsible social services agency;

(5) the social services agency may file a petition naming a fit and willing relative as a proposed permanent legal and physical custodian. A petition for transfer of permanent legal and physical custody to a relative who is not a parent shall be accompanied by a kinship placement agreement under section 256N.22, subdivision 2, between the agency and proposed permanent legal and physical custodian;

(6) another party to the permanency proceeding regarding the child may file a petition to transfer permanent legal and physical custody to a relative, ~~but the~~. The petition must include facts upon which the court can make the determination required under clause (7) and must be filed not later than the date for the required admit-deny hearing under section 260C.507; or if the agency's petition is filed under section 260C.503, subdivision 2, the petition must be filed not later than 30 days prior to the trial required under section 260C.509; and

(7) where a petition is for transfer of permanent legal and physical custody to a relative who is not a parent, the court must find that:

(i) transfer of permanent legal and physical custody and receipt of Northstar kinship assistance under chapter 256N, when requested and the child is eligible, is in the child's best interests;

(ii) adoption is not in the child's best interests based on the determinations in the kinship placement agreement required under section 256N.22, subdivision 2;

(iii) the agency made efforts to discuss adoption with the child's parent or parents, or the agency did not make efforts to discuss adoption and the reasons why efforts were not made; and

(iv) there are reasons to separate siblings during placement, if applicable;

(8) the court may defer finalization of an order transferring permanent legal and physical custody to a relative when deferring finalization is necessary to determine eligibility for Northstar kinship assistance under chapter 256N;

(9) the court may finalize a permanent transfer of physical and legal custody to a relative regardless of eligibility for Northstar kinship assistance under chapter 256N; and

~~(7)~~ (10) the juvenile court may maintain jurisdiction over the responsible social services agency, the parents or guardian of the child, the child, and the permanent legal and physical custodian for purposes of ensuring appropriate services are delivered to the child and permanent legal custodian for the purpose of ensuring conditions ordered by the court related to the care and custody of the child are met.

Sec. 16. Minnesota Statutes 2012, section 260C.611, is amended to read:

260C.611 ADOPTION STUDY REQUIRED.

(a) An adoption study under section 259.41 approving placement of the child in the home of the prospective adoptive parent shall be completed before placing any child under the guardianship of the commissioner in a home for adoption. If a prospective adoptive parent has a current child foster care license under chapter 245A and is seeking to adopt a foster child who is placed in the prospective adoptive parent's home and is under the guardianship of the commissioner according to section 260C.325, subdivision 1, the child foster care home study meets the requirements of this section for an approved adoption home study if:

(1) the written home study on which the foster care license was based is completed in the commissioner's designated format, consistent with the requirements in sections 260C.215, subdivision 4, clause (5); and 259.41, subdivision 2; and Minnesota Rules, part 2960.3060, subpart 4;

(2) the background studies on each prospective adoptive parent and all required household members were completed according to section 245C.33;

(3) the commissioner has not issued, within the last three years, a sanction on the license under section 245A.07 or an order of a conditional license under section 245A.06; and

(4) the legally responsible agency determines that the individual needs of the child are being met by the prospective adoptive parent through an assessment under section 256N.24, subdivision 2, or a documented placement decision consistent with section 260C.212, subdivision 2.

(b) If a prospective adoptive parent has previously held a foster care license or adoptive home study, any update necessary to the foster care license, or updated or new adoptive home study, if not completed by the licensing authority responsible for the previous license or home study, shall include collateral information from the previous licensing or approving agency, if available.

Sec. 17. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the term "guardianship assistance" to "Northstar kinship assistance" wherever it appears in Minnesota Statutes and Minnesota Rules to refer to the program components related to Northstar Care for Children under Minnesota Statutes, chapter 256N.

Sec. 18. **REPEALER.**

Minnesota Statutes 2013 Supplement, section 256N.26, subdivision 7, is repealed.

ARTICLE 4
COMMUNITY FIRST SERVICES AND SUPPORTS

Section 1. Minnesota Statutes 2012, section 245C.03, is amended by adding a subdivision to read:

Subd. 8. **Community first services and supports organizations.** The commissioner shall conduct background studies on any individual required under section 256B.85 to have a background study completed under this chapter.

Sec. 2. Minnesota Statutes 2012, section 245C.04, is amended by adding a subdivision to read:

Subd. 7. Community first services and supports organizations. (a) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 8, at least upon application for initial enrollment under section 256B.85.

(b) Before an individual described in section 245C.03, subdivision 8, begins a position allowing direct contact with a person served by an organization required to initiate a background study under section 256B.85, the organization must receive a notice from the commissioner that the support worker is:

(1) not disqualified under section 245C.14; or

(2) disqualified, but the individual has received a set-aside of the disqualification under section 245C.22.

Sec. 3. Minnesota Statutes 2012, section 245C.10, is amended by adding a subdivision to read:

Subd. 10. Community first services and supports organizations. The commissioner shall recover the cost of background studies initiated by an agency-provider delivering services under section 256B.85, subdivision 11, or a financial management services contractor providing service functions under section 256B.85, subdivision 13, through a fee of no more than \$20 per study, charged to the organization responsible for submitting the background study form. The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.

Sec. 4. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 2, is amended to read:

Subd. 2. Definitions. (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Activities of daily living" or "ADLs" means eating, toileting, grooming, dressing, bathing, mobility, positioning, and transferring.

(c) "Agency-provider model" means a method of CFSS under which a qualified agency provides services and supports through the agency's own employees and policies. The agency must allow the participant to have a significant role in the selection and dismissal of support workers of their choice for the delivery of their specific services and supports.

(d) "Behavior" means a description of a need for services and supports used to determine the home care rating and additional service units. The presence of Level I behavior is used to determine the home care rating. "Level I behavior" means physical aggression towards self or others or destruction of property that requires the immediate response of another person. If qualified for a home care rating as described in subdivision 8, additional service units can be added as described in subdivision 8, paragraph (f), for the following behaviors:

(1) Level I behavior;

(2) increased vulnerability due to cognitive deficits or socially inappropriate behavior; or

(3) increased need for assistance for ~~recipients~~ participants who are verbally aggressive or resistive to care so that time needed to perform activities of daily living is increased.

(e) "Budget model" means a service delivery method of CFSS that allows the use of a service budget and assistance from a vendor fiscal/employer agent financial management services (FMS) contractor for a participant to directly employ support workers and purchase supports and goods.

~~(e)~~ (f) "Complex health-related needs" means an intervention listed in clauses (1) to (8) that has been ordered by a physician, and is specified in a community support plan, including:

(1) tube feedings requiring:

(i) a gastrojejunostomy tube; or

(ii) continuous tube feeding lasting longer than 12 hours per day;

(2) wounds described as:

(i) stage III or stage IV;

(ii) multiple wounds;

(iii) requiring sterile or clean dressing changes or a wound vac; or

(iv) open lesions such as burns, fistulas, tube sites, or ostomy sites that require specialized care;

(3) parenteral therapy described as:

(i) IV therapy more than two times per week lasting longer than four hours for each treatment; or

(ii) total parenteral nutrition (TPN) daily;

(4) respiratory interventions, including:

(i) oxygen required more than eight hours per day;

(ii) respiratory vest more than one time per day;

(iii) bronchial drainage treatments more than two times per day;

(iv) sterile or clean suctioning more than six times per day;

(v) dependence on another to apply respiratory ventilation augmentation devices such as BiPAP and CPAP; and

(vi) ventilator dependence under section 256B.0652;

(5) insertion and maintenance of catheter, including:

(i) sterile catheter changes more than one time per month;

(ii) clean intermittent catheterization, and including self-catheterization more than six times per day; or

(iii) bladder irrigations;

(6) bowel program more than two times per week requiring more than 30 minutes to perform each time;

(7) neurological intervention, including:

(i) seizures more than two times per week and requiring significant physical assistance to maintain safety; or

(ii) swallowing disorders diagnosed by a physician and requiring specialized assistance from another on a daily basis; and

(8) other congenital or acquired diseases creating a need for significantly increased direct hands-on assistance and interventions in six to eight activities of daily living.

~~(g)~~ (g) "Community first services and supports" or "CFSS" means the assistance and supports program under this section needed for accomplishing activities of daily living, instrumental activities of daily living, and health-related tasks through hands-on assistance to accomplish the task or constant supervision and cueing to accomplish the task, or the purchase of goods as defined in subdivision 7, ~~paragraph (a)~~, clause (3), that replace the need for human assistance.

~~(g)~~ (h) "Community first services and supports service delivery plan" or "service delivery plan" means a written ~~summary of document detailing the services and supports chosen by the participant to meet assessed needs that is~~ are within the approved CFSS service authorization amount. Services and supports are based on the community support plan identified in section 256B.0911 and coordinated services and support plan and budget identified in section 256B.0915, subdivision 6, if applicable, that is determined by the participant to meet the assessed needs, using a person-centered planning process.

(i) "Consultation services" means a Minnesota health care program enrolled provider organization that is under contract with the department and has the knowledge, skills, and ability to assist CFSS participants in using either the agency-provider model under subdivision 11 or the budget model under subdivision 13.

~~(h)~~ (j) "Critical activities of daily living" means transferring, mobility, eating, and toileting.

~~(i)~~ (k) "Dependency" in activities of daily living means a person requires hands-on assistance or constant supervision and cueing to accomplish one or more of the activities of daily living every day or on the days during the week that the activity is performed; however, a child may not be found to be dependent in an activity of daily living if, because of the child's age, an adult would either perform the activity for the child or assist the child with the activity and the assistance needed is the assistance appropriate for a typical child of the same age.

~~(j)~~ (l) "Extended CFSS" means CFSS services and supports ~~under the agency provider model~~ included in a service plan through one of the home and community-based services waivers and as approved and authorized under sections 256B.0915; 256B.092, subdivision 5; and 256B.49, which exceed the amount, duration, and frequency of the state plan CFSS services for participants.

~~(k)~~ (m) "Financial management services contractor or vendor" or "FMS contractor" means a qualified organization having necessary to use the budget model under subdivision 13 that has a written contract with the department to provide vendor fiscal/employer agent financial management services necessary to use the budget model under subdivision 13 that (FMS). Services include but are not limited to: participant education and technical assistance; CFSS service delivery planning and budgeting; filing and payment of federal and state payroll taxes on behalf of the participant; initiating criminal background checks; billing, making payments, and for approved CFSS services with authorized funds; monitoring of spending expenditures; accounting for and disbursing CFSS funds; providing assistance in obtaining and filing for liability, workers' compensation, and unemployment coverage; and assisting participant instruction and technical assistance to the participant in fulfilling employer-related requirements in accordance with Section 3504 of the Internal Revenue Code and the Internal Revenue Service Revenue Procedure 70-6 related regulations and interpretations, including Code of Federal Regulations, title 26, section 31.3504-1.

~~(l) "Budget model" means a service delivery method of CFSS that allows the use of an individualized CFSS service delivery plan and service budget and provides assistance from the financial management services contractor to facilitate participant employment of support workers and the acquisition of supports and goods.~~

~~(m)~~ (n) "Health-related procedures and tasks" means procedures and tasks related to the specific needs of an individual that can be ~~delegated~~ taught or assigned by a state-licensed healthcare or mental health professional and performed by a support worker.

~~(n)~~ (o) "Instrumental activities of daily living" means activities related to living independently in the community, including but not limited to: meal planning, preparation, and cooking; shopping for food, clothing, or other essential items; laundry; housecleaning; assistance with medications; managing finances; communicating needs and preferences during activities; arranging supports; and assistance with traveling around and participating in the community.

~~(o)~~ (p) "Legal representative" means parent of a minor, a court-appointed guardian, or another representative with legal authority to make decisions about services and supports for the participant. Other representatives with legal authority to make decisions include but are not limited to a health care agent or an attorney-in-fact authorized through a health care directive or power of attorney.

~~(p)~~ (q) "Medication assistance" means providing verbal or visual reminders to take regularly scheduled medication, and includes any of the following supports listed in clauses (1) to (3) and other types of assistance, except that a support worker may not determine medication dose or time for medication or inject medications into veins, muscles, or skin:

(1) under the direction of the participant or the participant's representative, bringing medications to the participant including medications given through a nebulizer, opening a container of previously set-up medications, emptying the container into the participant's hand, opening and giving the medication in the original container to the participant, or bringing to the participant liquids or food to accompany the medication;

(2) organizing medications as directed by the participant or the participant's representative; and

(3) providing verbal or visual reminders to perform regularly scheduled medications.

~~(q)~~ (r) "Participant's representative" means a parent, family member, advocate, or other adult authorized by the participant to serve as a representative in connection with the provision of CFSS. This authorization must be in writing or by another method that clearly indicates the participant's free choice. The participant's representative must have no financial interest in the provision of any services included in the participant's service delivery plan and must be capable of providing the support necessary to assist the participant in the use of CFSS. If through the assessment process described in subdivision 5 a participant is determined to be in need of a participant's representative, one must be selected. If the participant is unable to assist in the selection of a participant's representative, the legal representative shall appoint one. Two persons may be designated as a participant's representative for reasons such as divided households and court-ordered custodies. Duties of a participant's representatives may include:

(1) being available while ~~care is~~ services are provided in a method agreed upon by the participant or the participant's legal representative and documented in the participant's CFSS service delivery plan;

(2) monitoring CFSS services to ensure the participant's CFSS service delivery plan is being followed; and

(3) reviewing and signing CFSS time sheets after services are provided to provide verification of the CFSS services.

~~(s)~~ (s) "Person-centered planning process" means a process that is directed by the participant to plan for services and supports. The person-centered planning process must:

- (1) include people chosen by the participant;
- (2) provide necessary information and support to ensure that the participant directs the process to the maximum extent possible, and is enabled to make informed choices and decisions;
- (3) be timely and occur at time and locations of convenience to the participant;
- (4) reflect cultural considerations of the participant;
- (5) include strategies for solving conflict or disagreement within the process, including clear conflict-of-interest guidelines for all planning;
- (6) provide the participant choices of the services and supports they receive and the staff providing those services and supports;
- (7) include a method for the participant to request updates to the plan; and
- (8) record the alternative home and community-based settings that were considered by the participant.

~~(s)~~ (t) "Shared services" means the provision of CFSS services by the same CFSS support worker to two or three participants who voluntarily enter into an agreement to receive services at the same time and in the same setting by the same ~~provider~~ employer.

~~(t)~~ "Support specialist" means a professional with the skills and ability to assist the participant using either the agency provider model under subdivision 11 or the flexible spending model under subdivision 13, in services including but not limited to assistance regarding:

- ~~(1) the development, implementation, and evaluation of the CFSS service delivery plan under subdivision 6;~~
- ~~(2) recruitment, training, or supervision, including supervision of health related tasks or behavioral supports appropriately delegated or assigned by a health care professional, and evaluation of support workers; and~~
- ~~(3) facilitating the use of informal and community supports, goods, or resources.~~

(u) "Support worker" means ~~an~~ a qualified and trained employee of the ~~agency provider~~ agency-provider or of the participant employer under the budget model who has direct contact with the participant and provides services as specified within the participant's service delivery plan.

(v) "Wages and benefits" means the hourly wages and salaries, the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, mileage reimbursement, health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, contributions to employee retirement accounts, or other forms of employee compensation and benefits.

(w) "Worker training and development" means services for developing workers' skills as required by the participant's individual CFSS delivery plan that are arranged for or provided by the agency-provider or purchased by the participant employer. These services include training, education, direct observation and supervision, and evaluation and coaching of job skills and tasks, including supervision of health-related tasks or behavioral supports.

Sec. 5. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) CFSS is available to a person who meets one of the following:

(1) is a ~~recipient~~ an enrollee of medical assistance as determined under section 256B.055, 256B.056, or 256B.057, subdivisions 5 and 9;

(2) is a ~~recipient of~~ participant in the alternative care program under section 256B.0913;

(3) is a waiver ~~recipient~~ participant as defined under section 256B.0915, 256B.092, 256B.093, or 256B.49; or

(4) has medical services identified in a participant's individualized education program and is eligible for services as determined in section 256B.0625, subdivision 26.

(b) In addition to meeting the eligibility criteria in paragraph (a), a person must also meet all of the following:

(1) require assistance and be determined dependent in one activity of daily living or Level I behavior based on assessment under section 256B.0911; and

(2) is not a ~~recipient of~~ participant under a family support grant under section 252.32~~;~~;

~~(3) lives in the person's own apartment or home including a family foster care setting licensed under chapter 245A, but not in corporate foster care under chapter 245A; or a noncertified boarding care home or a boarding and lodging establishment under chapter 157.~~

Sec. 6. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 5, is amended to read:

Subd. 5. **Assessment requirements.** (a) The assessment of functional need must:

(1) be conducted by a certified assessor according to the criteria established in section 256B.0911, subdivision 3a;

(2) be conducted face-to-face, initially and at least annually thereafter, or when there is a significant change in the participant's condition or a change in the need for services and supports, or at the request of the participant when there is a change in condition or a change in the need for services or supports; and

(3) be completed using the format established by the commissioner.

~~(b) A participant who is residing in a facility may be assessed and choose CFSS for the purpose of using CFSS to return to the community as described in subdivisions 3 and 7, paragraph (a), clause (5).~~

~~(e)~~ (b) The results of the assessment and any recommendations and authorizations for CFSS must be determined and communicated in writing by the lead agency's certified assessor as defined in section 256B.0911 to the participant and the agency-provider or ~~financial management services provider~~ FMS contractor chosen by the participant within 40 calendar days and must include the participant's right to appeal under section 256.045, subdivision 3.

~~(d)~~ (c) The lead agency assessor may ~~request~~ authorize a temporary authorization for CFSS services to be provided under the agency-provider model. Authorization for a temporary level of CFSS services under the agency-provider model is limited to the time specified by the commissioner, but shall not exceed 45 days. The level of services authorized under this ~~provision~~ paragraph shall have no bearing on a future authorization.

Sec. 7. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 6, is amended to read:

Subd. 6. **Community first services and support service delivery plan.** (a) The CFSS service delivery plan must be developed, ~~implemented,~~ and evaluated through a person-centered planning process by the participant, or the participant's representative or legal representative who may be assisted by a ~~support specialist~~ consultation services provider. The CFSS service delivery plan must reflect the services and supports that are important to the participant and for the participant to meet the needs assessed by the certified assessor and identified in the community support plan under section 256B.0911, subdivision 3, or the coordinated services and support plan identified in section 256B.0915, subdivision 6, if applicable. The CFSS service delivery plan must be reviewed by the participant, the consultation services provider, and the agency-provider or ~~financial management services FMS~~ contractor prior to starting services and at least annually upon reassessment, or when there is a significant change in the participant's condition, or a change in the need for services and supports.

(b) The commissioner shall establish the format and criteria for the CFSS service delivery plan.

(c) The CFSS service delivery plan must be person-centered and:

(1) specify the consultation services provider, agency-provider, or ~~financial management services FMS~~ contractor selected by the participant;

(2) reflect the setting in which the participant resides that is chosen by the participant;

(3) reflect the participant's strengths and preferences;

(4) include the means to address the clinical and support needs as identified through an assessment of functional needs;

(5) include individually identified goals and desired outcomes;

(6) reflect the services and supports, paid and unpaid, that will assist the participant to achieve identified goals, including the costs of the services and supports, and the providers of those services and supports, including natural supports;

(7) identify the amount and frequency of face-to-face supports and amount and frequency of remote supports and technology that will be used;

(8) identify risk factors and measures in place to minimize them, including individualized backup plans;

(9) be understandable to the participant and the individuals providing support;

(10) identify the individual or entity responsible for monitoring the plan;

(11) be finalized and agreed to in writing by the participant and signed by all individuals and providers responsible for its implementation;

(12) be distributed to the participant and other people involved in the plan; ~~and~~

(13) prevent the provision of unnecessary or inappropriate care;

(14) include a detailed budget for expenditures for budget model participants or participants under the agency-provider model if purchasing goods; and

(15) include a plan for worker training and development detailing what service components will be used, when the service components will be used, how they will be provided, and how these service components relate to the participant's individual needs and CFSS support worker services.

(d) The total units of agency-provider services or the service budget allocation amount for the budget model include both annual totals and a monthly average amount that cover the number of months of the service authorization. The amount used each month may vary, but additional funds must not be provided above the annual service authorization amount unless a change in condition is assessed and authorized by the certified assessor and documented in the community support plan, coordinated services and supports plan, and CFSS service delivery plan.

(e) In assisting with the development or modification of the plan during the authorization time period, the consultation services provider shall:

(1) consult with the FMS contractor on the spending budget when applicable; and

(2) consult with the participant or participant's representative, agency-provider, and case manager/care coordinator.

(f) The service plan must be approved by the consultation services provider for participants without a case manager/care coordinator. A case manager/care coordinator must approve the plan for a waiver or alternative care program participant.

Sec. 8. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 7, is amended to read:

Subd. 7. **Community first services and supports; covered services.** Within the service unit authorization or service budget allocation amount, services and supports covered under CFSS include:

(1) assistance to accomplish activities of daily living (ADLs), instrumental activities of daily living (IADLs), and health-related procedures and tasks through hands-on assistance to accomplish the task or constant supervision and cueing to accomplish the task;

(2) assistance to acquire, maintain, or enhance the skills necessary for the participant to accomplish activities of daily living, instrumental activities of daily living, or health-related tasks;

(3) expenditures for items, services, supports, environmental modifications, or goods, including assistive technology. These expenditures must:

(i) relate to a need identified in a participant's CFSS service delivery plan;

(ii) increase independence or substitute for human assistance to the extent that expenditures would otherwise be made for human assistance for the participant's assessed needs;

(4) observation and redirection for behavior or symptoms where there is a need for assistance. An assessment of behaviors must meet the criteria in this clause. A ~~recipient~~ participant qualifies as having a need for assistance due to behaviors if the ~~recipient's~~ participant's behavior requires assistance at least four times per week and shows one or more of the following behaviors:

(i) physical aggression towards self or others, or destruction of property that requires the immediate response of another person;

(ii) increased vulnerability due to cognitive deficits or socially inappropriate behavior; or

(iii) increased need for assistance for ~~recipients~~ participants who are verbally aggressive or resistive to care so that time needed to perform activities of daily living is increased;

(5) back-up systems or mechanisms, such as the use of pagers or other electronic devices, to ensure continuity of the participant's services and supports;

~~(6) transition costs, including:~~

~~(i) deposits for rent and utilities;~~

~~(ii) first month's rent and utilities;~~

~~(iii) bedding;~~

~~(iv) basic kitchen supplies;~~

~~(v) other necessities, to the extent that these necessities are not otherwise covered under any other funding that the participant is eligible to receive; and~~

~~(vi) other required necessities for an individual to make the transition from a nursing facility, institution for mental diseases, or intermediate care facility for persons with developmental disabilities to a community based home setting where the participant resides; and~~

~~(7) (6) services provided by a support specialist consultation services provider under contract with the department and enrolled as a Minnesota health care program provider as defined under subdivision 2 that are chosen by the participant. 17;~~

(7) services provided by an FMS contractor under contract with the department as defined under subdivision 13;

(8) CFSS services provided by a qualified support worker who is a parent, stepparent, or legal guardian of a participant under age 18, or who is the participant's spouse. These support workers shall not provide any medical assistance home and community-based services in excess of 40 hours per seven-day period regardless of the number of parents, combination of parents and spouses, or number of children who receive medical assistance services; and

(9) worker training and development services as defined in subdivision 2, paragraph (w), and described in subdivision 18a.

Sec. 9. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 8, is amended to read:

Subd. 8. **Determination of CFSS service methodology.** (a) All community first services and supports must be authorized by the commissioner or the commissioner's designee before services begin, except for the assessments established in section 256B.0911. The authorization for CFSS must be completed as soon as possible following an assessment but no later than 40 calendar days from the date of the assessment.

(b) The amount of CFSS authorized must be based on the ~~recipient's~~ participant's home care rating described in paragraphs (d) and (e) and any additional service units for which the ~~person~~ participant qualifies as described in paragraph (f).

(c) The home care rating shall be determined by the commissioner or the commissioner's designee based on information submitted to the commissioner identifying the following for a ~~recipient~~ participant:

(1) the total number of dependencies of activities of daily living as defined in subdivision 2, paragraph (b);

(2) the presence of complex health-related needs as defined in subdivision 2, paragraph (e); and

(3) the presence of Level I behavior as defined in subdivision 2, paragraph (d), ~~clause (1)~~.

(d) The methodology to determine the total service units for CFSS for each home care rating is based on the median paid units per day for each home care rating from fiscal year 2007 data for the PCA program.

(e) Each home care rating is designated by the letters P through Z and EN and has the following base number of service units assigned:

(1) P home care rating requires Level I behavior or one to three dependencies in ADLs and qualifies one for five service units;

(2) Q home care rating requires Level I behavior and one to three dependencies in ADLs and qualifies one for six service units;

(3) R home care rating requires a complex health-related need and one to three dependencies in ADLs and qualifies one for seven service units;

(4) S home care rating requires four to six dependencies in ADLs and qualifies one for ten service units;

(5) T home care rating requires four to six dependencies in ADLs and Level I behavior and qualifies one for 11 service units;

(6) U home care rating requires four to six dependencies in ADLs and a complex health-related need and qualifies one for 14 service units;

(7) V home care rating requires seven to eight dependencies in ADLs and qualifies one for 17 service units;

(8) W home care rating requires seven to eight dependencies in ADLs and Level I behavior and qualifies one for 20 service units;

(9) Z home care rating requires seven to eight dependencies in ADLs and a complex health-related need and qualifies one for 30 service units; and

(10) EN home care rating includes ventilator dependency as defined in section 256B.0651, subdivision 1, paragraph (g). ~~Recipients~~ Participants who meet the definition of ventilator-dependent and the EN home care rating and utilize a combination of CFSS and other home care services are limited to a total of 96 service units per day for those services in combination. Additional units may be authorized when a ~~recipient's~~ participant's assessment indicates a need for two staff to perform activities. Additional time is limited to 16 service units per day.

(f) Additional service units are provided through the assessment and identification of the following:

(1) 30 additional minutes per day for a dependency in each critical activity of daily living as defined in subdivision 2, paragraph ~~(h)~~ (j);

(2) 30 additional minutes per day for each complex health-related function as defined in subdivision 2, paragraph ~~(e)~~ (f); and

(3) 30 additional minutes per day for each behavior issue as defined in subdivision 2, paragraph (d).

(g) The service budget for budget model participants shall be based on:

(1) assessed units as determined by the home care rating; and

(2) an adjustment needed for administrative expenses.

Sec. 10. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 9, is amended to read:

Subd. 9. **Noncovered services.** (a) Services or supports that are not eligible for payment under this section include those that:

(1) are not authorized by the certified assessor or included in the written service delivery plan;

(2) are provided prior to the authorization of services and the approval of the written CFSS service delivery plan;

(3) are duplicative of other paid services in the written service delivery plan;

(4) supplant natural unpaid supports that appropriately meet a need in the service plan, are provided voluntarily to the participant, and are selected by the participant in lieu of other services and supports;

(5) are not effective means to meet the participant's needs; and

(6) are available through other funding sources, including, but not limited to, funding through title IV-E of the Social Security Act.

(b) Additional services, goods, or supports that are not covered include:

(1) those that are not for the direct benefit of the participant, except that services for caregivers such as training to improve the ability to provide CFSS are considered to directly benefit the participant if chosen by the participant and approved in the support plan;

(2) any fees incurred by the participant, such as Minnesota health care programs fees and co-pays, legal fees, or costs related to advocate agencies;

(3) insurance, except for insurance costs related to employee coverage;

(4) room and board costs for the participant ~~with the exception of allowable transition costs in subdivision 7, clause (6);~~

(5) services, supports, or goods that are not related to the assessed needs;

(6) special education and related services provided under the Individuals with Disabilities Education Act and vocational rehabilitation services provided under the Rehabilitation Act of 1973;

(7) assistive technology devices and assistive technology services other than those for back-up systems or mechanisms to ensure continuity of service and supports listed in subdivision 7;

(8) medical supplies and equipment covered under medical assistance;

(9) environmental modifications, except as specified in subdivision 7;

(10) expenses for travel, lodging, or meals related to training the participant, or the participant's representative, or legal representative, or paid or unpaid caregivers that exceed \$500 in a 12-month period;

(11) experimental treatments;

(12) any service or good covered by other medical assistance state plan services, including prescription and over-the-counter medications, compounds, and solutions and related fees, including premiums and co-payments;

(13) membership dues or costs, except when the service is necessary and appropriate to treat a ~~physical health~~ physical health condition or to improve or maintain the participant's ~~physical health~~ physical health condition. The condition must be identified in the participant's CFSS plan and monitored by a ~~physician enrolled in a Minnesota health care program~~ enrolled physician;

(14) vacation expenses other than the cost of direct services;

(15) vehicle maintenance or modifications not related to the disability, health condition, or physical need; ~~and~~

(16) tickets and related costs to attend sporting or other recreational or entertainment events;

(17) services provided and billed by a provider who is not an enrolled CFSS provider;

(18) CFSS provided by a participant's representative or paid legal guardian;

(19) services that are used solely as a child care or babysitting service;

(20) services that are the responsibility or in the daily rate of a residential or program license holder under the terms of a service agreement and administrative rules;

(21) sterile procedures;

(22) giving of injections into veins, muscles, or skin;

(23) homemaker services that are not an integral part of the assessed CFSS service;

(24) home maintenance or chore services;

(25) home care services, including hospice services if elected by the participant, covered by Medicare or any other insurance held by the participant;

(26) services to other members of the participant's household;

(27) services not specified as covered under medical assistance as CFSS;

(28) application of restraints or implementation of deprivation procedures;

(29) assessments by CFSS provider organizations or by independently enrolled registered nurses;

(30) services provided in lieu of legally required staffing in a residential or child care setting; and

(31) services provided by the residential or program license holder in a residence for more than four persons.

Sec. 11. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 10, is amended to read:

Subd. 10. **Provider Agency-provider and FMS contractor qualifications and general requirements, and duties.** ~~(a)~~ Agency-providers delivering services under the agency-provider model under subdivision 11 or ~~financial management service (FMS)~~ FMS contractors under subdivision 13 shall:

(1) enroll as a medical assistance Minnesota health care programs provider and meet all applicable provider standards and requirements;

~~(2) comply with medical assistance provider enrollment requirements;~~

~~(3)~~ (2) demonstrate compliance with ~~law~~ federal and state laws and policies ~~of~~ for CFSS as determined by the commissioner;

~~(4)~~ (3) comply with background study requirements under chapter 245C and maintain documentation of background study requests and results;

~~(5)~~ (4) verify and maintain records of all services and expenditures by the participant, including hours worked by support workers ~~and support specialists~~;

~~(6)~~ (5) not engage in any agency-initiated direct contact or marketing in person, by telephone, or other electronic means to potential participants, guardians, family members, or participants' representatives;

(6) directly provide services and not use a subcontractor or reporting agent;

(7) meet the financial requirements established by the commissioner for financial solvency;

(8) have never had a lead agency contract or provider agreement discontinued due to fraud, or have never had an owner, board member, or manager fail a state or FBI-based criminal background check while enrolled or seeking enrollment as a Minnesota health care programs provider;

(9) have established business practices that include written policies and procedures, internal controls, and a system that demonstrates the organization's ability to deliver quality CFSS; and

(10) have an office located in Minnesota.

(b) In conducting general duties, agency-providers and FMS contractors shall:

~~(7)~~ (1) pay support workers ~~and support specialists~~ based upon actual hours of services provided;

(2) pay for worker training and development services based upon actual hours of services provided or the unit cost of the training session purchased;

~~(8)~~ (3) withhold and pay all applicable federal and state payroll taxes;

~~(9)~~ (4) make arrangements and pay unemployment insurance, taxes, workers' compensation, liability insurance, and other benefits, if any;

~~(10)~~ (5) enter into a written agreement with the participant, participant's representative, or legal representative that assigns roles and responsibilities to be performed before services, supports, or goods are provided using a format established by the commissioner;

~~(4)~~ (6) report maltreatment as required under sections 626.556 and 626.557; ~~and~~

~~(42)~~ (7) provide the participant with a copy of the service-related rights under subdivision 20 at the start of services and supports; and

(8) comply with any data requests from the department consistent with the Minnesota Government Data Practices Act under chapter 13.

Sec. 12. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 11, is amended to read:

Subd. 11. **Agency-provider model.** (a) The agency-provider model ~~is limited to the~~ includes services provided by support workers and ~~support specialists~~ staff providing worker training and development services who are employed by an agency-provider that is licensed according to chapter 245A or meets other criteria established by the commissioner, including required training.

(b) The agency-provider shall allow the participant to have a significant role in the selection and dismissal of the support workers for the delivery of the services and supports specified in the participant's service delivery plan.

(c) A participant may use authorized units of CFSS services as needed within a service authorization that is not greater than 12 months. Using authorized units in a flexible manner in either the agency-provider model or the budget model does not increase the total amount of services and supports authorized for a participant or included in the participant's service delivery plan.

(d) A participant may share CFSS services. Two or three CFSS participants may share services at the same time provided by the same support worker.

(e) The agency-provider must use a minimum of 72.5 percent of the revenue generated by the medical assistance payment for CFSS for support worker wages and benefits. The agency-provider must document how this requirement is being met. The revenue generated by the ~~support specialist~~ worker training and development services and the reasonable costs associated with the ~~support specialist~~ worker training and development services must not be used in making this calculation.

(f) The agency-provider model must be used by individuals who have been restricted by the Minnesota restricted recipient program under Minnesota Rules, parts 9505.2160 to 9505.2245.

(g) Participants purchasing goods under this model, along with support worker services, must:

(1) specify the goods in the service delivery plan and detailed budget for expenditures that must be approved by the consultation services provider or the case manager/care coordinator; and

(2) use the FMS contractor for the billing and payment of such goods.

Sec. 13. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 12, is amended to read:

Subd. 12. **Requirements for enrollment of CFSS ~~provider~~ agency-provider agencies.** (a) All CFSS ~~provider agencies~~ agency-providers must provide, at the time of enrollment, reenrollment, and revalidation as a CFSS ~~provider agency~~ agency-provider in a format determined by the commissioner, information and documentation that includes, but is not limited to, the following:

(1) the CFSS ~~provider agency's~~ agency-provider's current contact information including address, telephone number, and e-mail address;

(2) proof of surety bond coverage. Upon new enrollment, or if the ~~provider agency's~~ agency-provider's Medicaid revenue in the previous calendar year is less than or equal to \$300,000, the ~~provider agency~~ agency-provider must purchase a performance bond of \$50,000. If the ~~provider agency's~~ agency-provider's Medicaid revenue in the previous calendar year is greater than \$300,000, the ~~provider agency~~ agency-provider must purchase a performance bond of \$100,000. The performance bond must be in a form approved by the commissioner, must be renewed annually, and must allow for recovery of costs and fees in pursuing a claim on the bond;

(3) proof of fidelity bond coverage in the amount of \$20,000;

(4) proof of workers' compensation insurance coverage;

(5) proof of liability insurance;

(6) a description of the CFSS ~~provider agency's~~ agency-provider's organization identifying the names of all owners, managing employees, staff, board of directors, and the affiliations of the directors; and owners, ~~or staff~~ to other service providers;

(7) a copy of the CFSS ~~provider agency's~~ agency-provider's written policies and procedures including: hiring of employees; training requirements; service delivery; and employee and consumer safety including process for notification and resolution of consumer grievances, identification and prevention of communicable diseases, and employee misconduct;

(8) copies of all other forms the CFSS ~~provider agency~~ agency-provider uses in the course of daily business including, but not limited to:

(i) a copy of the CFSS ~~provider agency's~~ agency-provider's time sheet if the time sheet varies from the standard time sheet for CFSS services approved by the commissioner, and a letter requesting approval of the CFSS ~~provider agency's~~ agency-provider's nonstandard time sheet; and

(ii) ~~the a copy of the participant's individual~~ CFSS ~~provider agency's~~ agency-provider's ~~template for the CFSS care~~ service delivery plan;

(9) a list of all training and classes that the CFSS ~~provider agency~~ agency-provider requires of its staff providing CFSS services;

(10) documentation that the CFSS ~~provider agency~~ agency-provider and staff have successfully completed all the training required by this section;

(11) documentation of the ~~agency's~~ agency-provider's marketing practices;

(12) disclosure of ownership, leasing, or management of all residential properties that are used or could be used for providing home care services;

(13) documentation that the ~~agency~~ agency-provider will use at least the following percentages of revenue generated from the medical assistance rate paid for CFSS services for ~~employee personal care assistant~~ CFSS support worker wages and benefits: 72.5 percent of revenue from CFSS providers. The revenue generated by the ~~support specialist worker training and development services~~ and the reasonable costs associated with the ~~support specialist worker training and development services~~ shall not be used in making this calculation; and

(14) documentation that the ~~agency~~ agency-provider does not burden ~~recipients'~~ participants' free exercise of their right to choose service providers by requiring ~~personal care assistants~~ CFSS support workers to sign an agreement not to work with any particular CFSS ~~recipient~~ participant or for another CFSS ~~provider agency~~ agency-provider after leaving the agency and that the agency is not taking action on any such agreements or requirements regardless of the date signed.

(b) CFSS ~~provider agencies~~ agency-providers shall provide to the commissioner the information specified in paragraph (a).

(c) All CFSS ~~provider agencies~~ agency-providers shall require all employees in management and supervisory positions and owners of the agency who are active in the day-to-day management and operations of the agency to complete mandatory training as determined by the commissioner. Employees in management and supervisory positions and owners who are active in the day-to-day operations of an agency who have completed the required training as an employee with a CFSS ~~provider agency~~ agency-provider do not need to repeat the required training if they are hired by another agency, if they have completed the training within the past three years. CFSS ~~provider agency~~ agency-provider billing staff shall complete training about CFSS program financial management. Any new owners or employees in management and supervisory positions involved in the day-to-day operations are required to complete mandatory training as a requisite of working for the agency. ~~CFSS provider agencies certified for participation in Medicare as home health agencies are exempt from the training required in this subdivision.~~

(d) The commissioner shall send annual review notifications to agency-providers 30 days prior to renewal. The notification must:

- (1) list the materials and information the agency-provider is required to submit;
- (2) provide instructions on submitting information to the commissioner; and
- (3) provide a due date by which the commissioner must receive the requested information.

Agency-providers shall submit the required documentation for annual review within 30 days of notification from the commissioner. If no documentation is submitted, the agency-provider enrollment number must be terminated or suspended.

Sec. 14. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 13, is amended to read:

Subd. 13. **Budget model.** (a) Under the budget model participants ~~can~~ may exercise ~~more~~ responsibility and control over the services and supports described and budgeted within the CFSS service delivery plan. Participants must use services provided by an FMS contractor as defined in subdivision 2, paragraph (m). Under this model, participants may use their approved service budget allocation to:

- (1) directly employ support workers, and pay wages, federal and state payroll taxes, and premiums for workers' compensation, liability, and health insurance coverage; and
- (2) obtain supports and goods as defined in subdivision 7; and
- (3) choose a range of support assistance services from the financial management services (FMS) contractor related to:
 - (i) assistance in managing the budget to meet the service delivery plan needs, consistent with federal and state laws and regulations;
 - (ii) the employment, training, supervision, and evaluation of workers by the participant;
 - (iii) acquisition and payment for supports and goods; and
 - (iv) evaluation of individual service outcomes as needed for the scope of the participant's degree of control and responsibility.

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

(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 cannot manage participant responsibilities under the budget model. The commissioner must develop policies for determining if a participant is unable to manage responsibilities under the budget model.

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

~~(e)~~ (e) The FMS contractor shall not provide CFSS services and supports under the agency-provider service model.

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

~~(1) information and consultation about CFSS;~~

~~(2)~~ (1) assistance with the development of the detailed budget for expenditures portion of the service delivery plan and budget model as requested by the consultation services provider or participant;

~~(3)~~ (2) billing and making payments for budget model expenditures;

~~(4)~~ (3) assisting participants in fulfilling employer-related requirements according to Internal Revenue Service Revenue Procedure 70-6, section 3504, Agency Employer Tax Liability, regulation 137036-08 section 3504 of the Internal Revenue Code and related regulations and interpretations, including Code of Federal Regulations, title 26, section 31.3504-1, which includes assistance with filing and paying payroll taxes, and obtaining worker compensation coverage;

~~(5)~~ (4) data recording and reporting of participant spending; and

~~(6)~~ (5) other duties established in the contract with the department, including with respect to providing assistance to the participant, participant's representative, or legal representative in performing their employer responsibilities regarding support workers. The support worker shall not be considered the employee of the financial management services FMS contractor; and

(6) billing, payment, and accounting of approved expenditures for goods for agency-provider participants.

~~(d) A participant who requests to purchase goods and supports along with support worker services under the agency provider model must use the budget model with a service delivery plan that specifies the amount of services to be authorized to the agency provider and the expenditures to be paid by the FMS contractor.~~

~~(e)~~ (g) The FMS contractor 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 the ~~targeted~~ case manager, 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 ~~the Internal Revenue Service Revenue Procedure 70-6, Section 3504, 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 or 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; and

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

~~(f)~~ (h) The commissioner of human services shall:

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

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

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

~~(g) The commissioner of human services shall disenroll or exclude participants from the budget model and transfer them to the agency provider model under the following circumstances that include but are not limited to:~~

~~(1) when a participant has been restricted by the Minnesota restricted recipient program, 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 cannot manage participant responsibilities under the budget model. The commissioner must develop policies for determining if a participant is unable to manage responsibilities under a budget model.~~

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

Sec. 15. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 15, is amended to read:

Subd. 15. **Documentation of support services provided.** (a) Support services provided to a participant by a support worker employed by either an agency-provider or the participant acting as the employer must be documented daily by each support worker, on a time sheet form approved by the commissioner. All documentation may be Web-based, electronic, or paper documentation. The completed form must be submitted on a ~~monthly~~ regular basis to the provider or the participant and the FMS contractor selected by the participant to provide assistance with meeting the participant's employer obligations and kept in the ~~recipient's health~~ participant's record.

(b) The activity documentation must correspond to the written service delivery plan and be reviewed by the agency-provider or the participant and the FMS contractor when the participant is ~~acting as~~ the employer of the support worker.

(c) The time sheet must be on a form approved by the commissioner documenting time the support worker provides services ~~in the home~~ to the participant. The following criteria must be included in the time sheet:

- (1) full name of the support worker and individual provider number;
- (2) ~~provider~~ agency-provider name and telephone numbers, if ~~an agency provider is~~ responsible for delivery services under the written service plan;
- (3) full name of the participant;
- (4) consecutive dates, including month, day, and year, and arrival and departure times with a.m. or p.m. notations;
- (5) signatures of the participant or the participant's representative;
- (6) personal signature of the support worker;
- (7) any shared care provided, if applicable;
- (8) a statement that it is a federal crime to provide false information on CFSS billings for medical assistance payments; and
- (9) dates and location of ~~recipient~~ participant stays in a hospital, care facility, or incarceration.

Sec. 16. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 16, is amended to read:

Subd. 16. **Support workers requirements.** (a) Support workers shall:

(1) enroll with the department as a support worker after a background study under chapter 245C has been completed and the support worker has received a notice from the commissioner that:

- (i) the support worker is not disqualified under section 245C.14; or

- (ii) is disqualified, but the support worker has received a set-aside of the disqualification under section 245C.22;
 - (2) have the ability to effectively communicate with the participant or the participant's representative;
 - (3) have the skills and ability to provide the services and supports according to the ~~person's~~ participant's CFSS service delivery plan and respond appropriately to the participant's needs;
 - (4) not be a participant of CFSS, unless the support services provided by the support worker differ from those provided to the support worker;
 - (5) complete the basic standardized training as determined by the commissioner before completing enrollment. The training must be available in languages other than English and to those who need accommodations due to disabilities. Support worker training must include successful completion of the following training components: basic first aid, vulnerable adult, child maltreatment, OSHA universal precautions, basic roles and responsibilities of support workers including information about basic body mechanics, emergency preparedness, orientation to positive behavioral practices, orientation to responding to a mental health crisis, fraud issues, time cards and documentation, and an overview of person-centered planning and self-direction. Upon completion of the training components, the support worker must pass the certification test to provide assistance to participants;
 - (6) complete training and orientation on the participant's individual needs; and
 - (7) maintain the privacy and confidentiality of the participant, and not independently determine the medication dose or time for medications for the participant.
- (b) The commissioner may deny or terminate a support worker's provider enrollment and provider number if the support worker:
- (1) lacks the skills, knowledge, or ability to adequately or safely perform the required work;
 - (2) fails to provide the authorized services required by the participant employer;
 - (3) has been intoxicated by alcohol or drugs while providing authorized services to the participant or while in the participant's home;
 - (4) has manufactured or distributed drugs while providing authorized services to the participant or while in the participant's home; or
 - (5) has been excluded as a provider by the commissioner of human services, or the United States Department of Health and Human Services, Office of Inspector General, from participation in Medicaid, Medicare, or any other federal health care program.
- (c) A support worker may appeal in writing to the commissioner to contest the decision to terminate the support worker's provider enrollment and provider number.
- (d) A support worker must not provide or be paid for more than 275 hours of CFSS per month, regardless of the number of participants the support worker serves or the number of agency-providers or participant employers by which the support worker is employed. The department shall not disallow the number of hours per day a support worker works unless it violates other law.

Sec. 17. Minnesota Statutes 2013 Supplement, section 256B.85, is amended by adding a subdivision to read:

Subd. 16a. **Exception to support worker requirements for continuity of services.** The support worker for a participant may be allowed to enroll with a different CFSS agency-provider or FMS contractor upon initiation, rather than completion, of a new background study according to chapter 245C, if the following conditions are met:

(1) the commissioner determines that the support worker's change in enrollment or affiliation is needed to ensure continuity of services and protect the health and safety of the participant;

(2) the chosen agency-provider or FMS contractor has been continuously enrolled as a CFSS agency-provider or FMS contractor for at least two years or since the inception of the CFSS program, whichever is shorter;

(3) the participant served by the support worker chooses to transfer to the CFSS agency-provider or the FMS contractor to which the support worker is transferring;

(4) the support worker has been continuously enrolled with the former CFSS agency-provider or FMS contractor since the support worker's last background study was completed; and

(5) the support worker continues to meet requirements of subdivision 16, excluding paragraph (a), clause (1).

Sec. 18. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 17, is amended to read:

~~Subd. 17. **Support specialist requirements and payments** The commissioner shall develop qualifications, scope of functions, and payment rates and service limits for a support specialist that may provide additional or specialized assistance necessary to plan, implement, arrange, augment, or evaluate services and supports.~~ **Consultation services description and duties.**

(a) Consultation services means providing assistance to the participant in making informed choices regarding CFSS services in general and self-directed tasks in particular and in developing a person-centered service delivery plan to achieve quality service outcomes.

(b) Consultation services is a required service that may include but is not limited to:

(1) an initial and annual orientation to CFSS information and policies, including selecting a service model;

(2) assistance with the development, implementation, management, and evaluation of the person-centered service delivery plan;

(3) consultation on recruiting, selecting, training, managing, directing, evaluating, and supervising support workers;

(4) reviewing the use of and access to informal and community supports, goods, or resources;

(5) assistance with fulfilling responsibilities and requirements of CFSS including modifying service delivery plans and changing service models; and

(6) assistance with accessing FMS contractors or agency-providers.

(c) Duties of a consultation services provider shall include but are not limited to:

(1) review and finalization of the CFSS service delivery plan by the consultation services provider organization;

(2) distribution of copies of the final service delivery plan to the participant and to the agency-provider or FMS contractor, case manager/care coordinator, and other designated parties;

(3) an evaluation of services upon receiving information from an FMS contractor indicating spending or participant employer concerns;

(4) a semiannual review of services if the participant does not have a case manager/care coordinator and when the support worker is a paid parent of a minor participant or the participant's spouse;

(5) collection and reporting of data as required by the department; and

(6) providing the participant with a copy of the service-related rights under subdivision 20 at the start of consultation services.

Sec. 19. Minnesota Statutes 2013 Supplement, section 256B.85, is amended by adding a subdivision to read:

Subd. 17a. **Consultation service provider qualifications and requirements.** The commissioner shall develop the qualifications and requirements for providers of consultation services under subdivision 17. These providers must satisfy at least the following qualifications and requirements:

(1) are under contract with the department;

(2) are not the FMS contractor as defined in subdivision 2, paragraph (m), the CFSS or HCBS waiver agency-provider or vendor to the participant, or a lead agency;

(3) meet the service standards as established by the commissioner;

(4) employ lead professional staff with a minimum of three years of experience in providing support planning, support broker, or consultation services and consumer education to participants using a self-directed program using FMS under medical assistance;

(5) are knowledgeable about CFSS roles and responsibilities including those of the certified assessor, FMS contractor, agency-provider, and case manager/care coordinator;

(6) comply with medical assistance provider requirements;

(7) understand the CFSS program and its policies;

(8) are knowledgeable about self-directed principles and the application of the person-centered planning process;

(9) have general knowledge of the FMS contractor duties and participant employment model, including all applicable federal, state, and local laws and regulations regarding tax, labor, employment, and liability and workers' compensation coverage for household workers; and

(10) have all employees, including lead professional staff, staff in management and supervisory positions, and owners of the agency who are active in the day-to-day management and operations of the agency, complete training as specified in the contract with the department.

Sec. 20. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 18, is amended to read:

Subd. 18. **Service unit and budget allocation requirements and limits.** (a) For the agency-provider model, services will be authorized in units of service. The total service unit amount must be established based upon the assessed need for CFSS services, and must not exceed the maximum number of units available as determined under subdivision 8.

(b) For the budget model, the service budget allocation allowed for services and supports is established by multiplying the number of units authorized under subdivision 8 by the payment rate established by the commissioner defined in subdivision 8, paragraph (g).

Sec. 21. Minnesota Statutes 2013 Supplement, section 256B.85, is amended by adding a subdivision to read:

Subd. 18a. **Worker training and development services.** (a) The commissioner shall develop the scope of tasks and functions, service standards, and service limits for worker training and development services.

(b) Worker training and development services are in addition to the participant's assessed service units or service budget. Services provided according to this subdivision must:

(1) help support workers obtain and expand the skills and knowledge necessary to ensure competency in providing quality services as needed and defined in the participant's service delivery plan;

(2) be provided or arranged for by the agency-provider under subdivision 11 or purchased by the participant employer under the budget model under subdivision 13; and

(3) be described in the participant's CFSS service delivery plan and documented in the participant's file.

(c) Services covered under worker training and development shall include:

(1) support worker training on the participant's individual assessed needs, condition, or both, provided individually or in a group setting by a skilled and knowledgeable trainer beyond any training the participant or participant's representative provides;

(2) tuition for professional classes and workshops for the participant's support workers that relate to the participant's assessed needs, condition, or both;

(3) direct observation, monitoring, coaching, and documentation of support worker job skills and tasks, beyond any training the participant or participant's representative provides, including supervision of health-related tasks or behavioral supports that is conducted by an appropriate professional based on the participant's assessed needs. These services must be provided within 14 days of the start of services or the start of a new support worker and must be specified in the participant's service delivery plan; and

(4) reporting service and support concerns to the appropriate provider.

(d) Worker training and development services shall not include:

(1) general agency training, worker orientation, or training on CFSS self-directed models;

(2) payment for preparation or development time for the trainer or presenter;

(3) payment of the support worker's salary or compensation during the training;

(4) training or supervision provided by the participant, the participant's support worker, or the participant's informal supports, including the participant's representative; or

(5) services in excess of 96 units per annual service authorization, unless approved by the department.

Sec. 22. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 23, is amended to read:

Subd. 23. **Commissioner's access.** When the commissioner is investigating a possible overpayment of Medicaid funds, the commissioner must be given immediate access without prior notice to the ~~agency provider~~ agency-provider or FMS contractor's office during regular business hours and to documentation and records related to services provided and submission of claims for services provided. Denying the commissioner access to records is cause for immediate suspension of payment and terminating the agency provider's enrollment according to section 256B.064 or terminating the FMS contract.

Sec. 23. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 24, is amended to read:

Subd. 24. **CFSS agency-providers; background studies.** CFSS agency-providers enrolled to provide ~~personal care assistance~~ CFSS services under the medical assistance program shall comply with the following:

(1) owners who have a five percent interest or more and all managing employees are subject to a background study as provided in chapter 245C. This applies to currently enrolled CFSS agency-providers and those agencies seeking enrollment as a CFSS agency-provider. "Managing employee" has the same meaning as Code of Federal Regulations, title 42, section 455. An organization is barred from enrollment if:

(i) the organization has not initiated background studies on owners managing employees; or

(ii) the organization has initiated background studies on owners and managing employees, but the commissioner has sent the organization a notice that an owner or managing employee of the organization has been disqualified under section 245C.14, and the owner or managing employee has not received a set-aside of the disqualification under section 245C.22;

(2) a background study must be initiated and completed for all ~~support specialists~~ staff who will have direct contact with the participant to provide worker training and development; and

(3) a background study must be initiated and completed for all support workers.

Sec. 24. Laws 2013, chapter 108, article 7, section 49, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective upon federal approval but no earlier than April 1, 2014. The service will begin 90 days after federal approval ~~or April 1, 2014, whichever is later~~. The commissioner of human services shall notify the revisor of statutes when this occurs.

ARTICLE 5 CONTINUING CARE

Section 1. Minnesota Statutes 2012, section 13.46, subdivision 4, is amended to read:

Subd. 4. **Licensing data.** (a) As used in this subdivision:

(1) "licensing data" are all data collected, maintained, used, or disseminated by the welfare system pertaining to persons licensed or registered or who apply for licensure or registration or who formerly were licensed or registered under the authority of the commissioner of human services;

(2) "client" means a person who is receiving services from a licensee or from an applicant for licensure; and

(3) "personal and personal financial data" are Social Security numbers, identity of and letters of reference, insurance information, reports from the Bureau of Criminal Apprehension, health examination reports, and social/home studies.

(b)(1)(i) Except as provided in paragraph (c), the following data on applicants, license holders, and former licensees are public: name, address, telephone number of licensees, date of receipt of a completed application, dates of licensure, licensed capacity, type of client preferred, variances granted, record of training and education in child care and child development, type of dwelling, name and relationship of other family members, previous license history, class of license, the existence and status of complaints, and the number of serious injuries to or deaths of individuals in the licensed program as reported to the commissioner of human services, the local social services agency, or any other county welfare agency. For purposes of this clause, a serious injury is one that is treated by a physician.

(ii) When a correction order, an order to forfeit a fine, an order of license suspension, an order of temporary immediate suspension, an order of license revocation, an order of license denial, or an order of conditional license has been issued, or a complaint is resolved, the following data on current and former licensees and applicants are public: the substance and investigative findings of the licensing or maltreatment complaint, licensing violation, or substantiated maltreatment; the record of informal resolution of a licensing violation; orders of hearing; findings of fact; conclusions of law; specifications of the final correction order, fine, suspension, temporary immediate suspension, revocation, denial, or conditional license contained in the record of licensing action; whether a fine has been paid; and the status of any appeal of these actions.

(iii) When a license denial under section 245A.05 or a sanction under section 245A.07 is based on a determination that the license holder or applicant is responsible for maltreatment under section 626.556 or 626.557, the identity of the applicant or license holder as the individual responsible for maltreatment is public data at the time of the issuance of the license denial or sanction.

(iv) When a license denial under section 245A.05 or a sanction under section 245A.07 is based on a determination that the license holder or applicant is disqualified under chapter 245C, the identity of the license holder or applicant as the disqualified individual and the reason for the disqualification are public data at the time of the issuance of the licensing sanction or denial. If the applicant or license holder requests reconsideration of the disqualification and the disqualification is affirmed, the reason for the disqualification and the reason to not set aside the disqualification are public data.

(2) Notwithstanding sections 626.556, subdivision 11, and 626.557, subdivision 12b, when any person subject to disqualification under section 245C.14 in connection with a license to provide family day care for children, child care center services, foster care for children in the provider's home, or foster care or day care services for adults in the provider's home is a substantiated perpetrator of maltreatment, and the substantiated maltreatment is a reason for a licensing action, the identity of the substantiated perpetrator of maltreatment is public data. For purposes of this clause, a person is a substantiated perpetrator if the maltreatment determination has been upheld under section 256.045; 626.556, subdivision 10i; 626.557, subdivision 9d; or chapter 14, or if an individual or facility has not timely exercised appeal rights under these sections, except as provided under clause (1).

(3) For applicants who withdraw their application prior to licensure or denial of a license, the following data are public: the name of the applicant, the city and county in which the applicant was seeking licensure, the dates of the commissioner's receipt of the initial application and completed application, the type of license sought, and the date of withdrawal of the application.

(4) For applicants who are denied a license, the following data are public: the name and address of the applicant, the city and county in which the applicant was seeking licensure, the dates of the commissioner's receipt of the initial application and completed application, the type of license sought, the date of denial of the application, the nature of the basis for the denial, the record of informal resolution of a denial, orders of hearings, findings of fact, conclusions of law, specifications of the final order of denial, and the status of any appeal of the denial.

(5) The following data on persons subject to disqualification under section 245C.14 in connection with a license to provide family day care for children, child care center services, foster care for children in the provider's home, or foster care or day care services for adults in the provider's home, are public: the nature of any disqualification set aside under section 245C.22, subdivisions 2 and 4, and the reasons for setting aside the disqualification; the nature of any disqualification for which a variance was granted under sections 245A.04, subdivision 9; and 245C.30, and the reasons for granting any variance under section 245A.04, subdivision 9; and, if applicable, the disclosure that any person subject to a background study under section 245C.03, subdivision 1, has successfully passed a background study. If a licensing sanction under section 245A.07, or a license denial under section 245A.05, is based on a determination that an individual subject to disqualification under chapter 245C is disqualified, the disqualification as a basis for the licensing sanction or denial is public data. As specified in clause (1), item (iv), if the disqualified individual is the license holder or applicant, the identity of the license holder or applicant and the reason for the disqualification are public data; and, if the license holder or applicant requested reconsideration of the disqualification and the disqualification is affirmed, the reason for the disqualification and the reason to not set aside the disqualification are public data. If the disqualified individual is an individual other than the license holder or applicant, the identity of the disqualified individual shall remain private data.

(6) When maltreatment is substantiated under section 626.556 or 626.557 and the victim and the substantiated perpetrator are affiliated with a program licensed under chapter 245A, the commissioner of human services, local social services agency, or county welfare agency may inform the license holder where the maltreatment occurred of the identity of the substantiated perpetrator and the victim.

(7) Notwithstanding clause (1), for child foster care, only the name of the license holder and the status of the license are public if the county attorney has requested that data otherwise classified as public data under clause (1) be considered private data based on the best interests of a child in placement in a licensed program.

(c) The following are private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9: personal and personal financial data on family day care program and family foster care program applicants and licensees and their family members who provide services under the license.

(d) The following are private data on individuals: the identity of persons who have made reports concerning licensees or applicants that appear in inactive investigative data, and the records of clients or employees of the licensee or applicant for licensure whose records are received by the licensing agency for purposes of review or in anticipation of a contested matter. The names of reporters of complaints or alleged violations of licensing standards under chapters 245A, 245B, 245C, and 245D, and applicable rules and alleged maltreatment under sections 626.556 and 626.557, are confidential data and may be disclosed only as provided in section 626.556, subdivision 11, or 626.557, subdivision 12b.

(e) Data classified as private, confidential, nonpublic, or protected nonpublic under this subdivision become public data if submitted to a court or administrative law judge as part of a disciplinary proceeding in which there is a public hearing concerning a license which has been suspended, immediately suspended, revoked, or denied.

(f) Data generated in the course of licensing investigations that relate to an alleged violation of law are investigative data under subdivision 3.

(g) Data that are not public data collected, maintained, used, or disseminated under this subdivision that relate to or are derived from a report as defined in section 626.556, subdivision 2, or 626.5572, subdivision 18, are subject to the destruction provisions of sections 626.556, subdivision 11c, and 626.557, subdivision 12b.

(h) Upon request, not public data collected, maintained, used, or disseminated under this subdivision that relate to or are derived from a report of substantiated maltreatment as defined in section 626.556 or 626.557 may be exchanged with the Department of Health for purposes of completing background studies pursuant to section 144.057 and with the Department of Corrections for purposes of completing background studies pursuant to section 241.021.

(i) Data on individuals collected according to licensing activities under chapters 245A and 245C, data on individuals collected by the commissioner of human services according to investigations under chapters 245A, 245B, ~~and 245C~~, and 245D, and sections 626.556 and 626.557 may be shared with the Department of Human Rights, the Department of Health, the Department of Corrections, the ombudsman for mental health and developmental disabilities, and the individual's professional regulatory board when there is reason to believe that laws or standards under the jurisdiction of those agencies may have been violated or the information may otherwise be relevant to the board's regulatory jurisdiction. Background study data on an individual who is the subject of a background study under chapter 245C for a licensed service for which the commissioner of human services is the license holder may be shared with the commissioner and the commissioner's delegate by the licensing division. Unless otherwise specified in this chapter, the identity of a reporter of alleged maltreatment or licensing violations may not be disclosed.

(j) In addition to the notice of determinations required under section 626.556, subdivision 10f, if the commissioner or the local social services agency has determined that an individual is a substantiated perpetrator of maltreatment of a child based on sexual abuse, as defined in section 626.556, subdivision 2, and the commissioner or local social services agency knows that the individual is a person responsible for a child's care in another facility, the commissioner or local social services agency shall notify the head of that facility of this determination. The notification must include an explanation of the individual's available appeal rights and the status of any appeal. If a notice is given under this paragraph, the government entity making the notification shall provide a copy of the notice to the individual who is the subject of the notice.

(k) All not public data collected, maintained, used, or disseminated under this subdivision and subdivision 3 may be exchanged between the Department of Human Services, Licensing Division, and the Department of Corrections for purposes of regulating services for which the Department of Human Services and the Department of Corrections have regulatory authority.

Sec. 2. Minnesota Statutes 2012, section 144.0724, as amended by Laws 2014, chapter 147, section 1, is amended to read:

144.0724 RESIDENT REIMBURSEMENT CLASSIFICATION.

Subdivision 1. **Resident reimbursement case mix classifications.** The commissioner of health shall establish resident reimbursement classifications based upon the assessments of residents of nursing homes and boarding care homes conducted under this section and according to section 256B.438.

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

(a) "Assessment reference date" or "ARD" means the specific end point for look-back periods in the MDS assessment process. This look-back period is also called the observation or assessment period.

(b) "Case mix index" means the weighting factors assigned to the RUG-IV classifications.

(c) "Index maximization" means classifying a resident who could be assigned to more than one category, to the category with the highest case mix index.

(d) "Minimum data set" or "MDS" means a core set of screening, clinical assessment, and functional status elements, that include common definitions and coding categories specified by the Centers for Medicare and Medicaid Services and designated by the Minnesota Department of Health.

(e) "Representative" means a person who is the resident's guardian or conservator, the person authorized to pay the nursing home expenses of the resident, a representative of the Office of Ombudsman for Long-Term Care whose assistance has been requested, or any other individual designated by the resident.

(f) "Resource utilization groups" or "RUG" means the system for grouping a nursing facility's residents according to their clinical and functional status identified in data supplied by the facility's minimum data set.

(g) "Activities of daily living" means grooming, dressing, bathing, transferring, mobility, positioning, eating, and toileting.

(h) "Nursing facility level of care determination" means the assessment process that results in a determination of a resident's or prospective resident's need for nursing facility level of care as established in subdivision 11 for purposes of medical assistance payment of long-term care services for:

- (1) nursing facility services under section 256B.434 or 256B.441;
- (2) elderly waiver services under section 256B.0915;
- (3) CADI and BI waiver services under section 256B.49; and
- (4) state payment of alternative care services under section 256B.0913.

Subd. 3a. **Resident reimbursement classifications beginning January 1, 2012.** (a) Beginning January 1, 2012, resident reimbursement classifications shall be based on the minimum data set, version 3.0 assessment instrument, or its successor version mandated by the Centers for Medicare and Medicaid Services that nursing facilities are required to complete for all residents. The commissioner of health shall establish resident classifications according to the RUG-IV, 48 group, resource utilization groups. Resident classification must be established based on the individual items on the minimum data set, which must be completed according to the Long Term Care Facility Resident Assessment Instrument User's Manual Version 3.0 or its successor issued by the Centers for Medicare and Medicaid Services.

(b) Each resident must be classified based on the information from the minimum data set according to general categories as defined in the Case Mix Classification Manual for Nursing Facilities issued by the Minnesota Department of Health.

Subd. 4. **Resident assessment schedule.** (a) A facility must conduct and electronically submit to the commissioner of health MDS assessments that conform with the assessment schedule defined by Code of Federal Regulations, title 42, section 483.20, and published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, in the Long Term Care Assessment Instrument User's Manual, version 3.0, and subsequent updates when issued by the Centers for Medicare and Medicaid Services. The commissioner of health may substitute successor manuals or question and answer documents published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, to replace or supplement the current version of the manual or document.

(b) The assessments used to determine a case mix classification for reimbursement include the following:

(1) a new admission assessment;

(2) an annual assessment which must have an assessment reference date (ARD) within 92 days of the previous assessment and within 366 days of the ARD of the previous comprehensive assessment;

(3) a significant change in status assessment must be completed within 14 days of the identification of a significant change;

(4) all quarterly assessments must have an assessment reference date (ARD) within 92 days of the ARD of the previous assessment;

(5) any significant correction to a prior comprehensive assessment, if the assessment being corrected is the current one being used for RUG classification; and

(6) any significant correction to a prior quarterly assessment, if the assessment being corrected is the current one being used for RUG classification.

(c) In addition to the assessments listed in paragraph (b), the assessments used to determine nursing facility level of care include the following:

(1) preadmission screening completed under section 256B.0911, subdivision 4a, by a county, tribe, or managed care organization under contract with the Department of Human Services; and

(2) a face-to-face long-term care consultation assessment completed under section 256B.0911, subdivision 3a, 3b, or 4d, by a county, tribe, or managed care organization under contract with the Department of Human Services.

Subd. 5. **Short stays.** (a) A facility must submit to the commissioner of health an admission assessment for all residents who stay in the facility 14 days or less.

(b) Notwithstanding the admission assessment requirements of paragraph (a), a facility may elect to accept a short stay rate with a case mix index of 1.0 for all facility residents who stay 14 days or less in lieu of submitting an admission assessment. Facilities shall make this election annually.

(c) Nursing facilities must elect one of the options described in paragraphs (a) and (b) by reporting to the commissioner of health, as prescribed by the commissioner. The election is effective on July 1 each year.

Subd. 6. **Penalties for late or nonsubmission.** (a) A facility that fails to complete or submit an assessment according to subdivisions 4 and 5 for a RUG-IV classification within seven days of the time requirements listed in the Long-Term Care Facility Resident Assessment Instrument User's Manual is subject to a reduced rate for that resident. The reduced rate shall be the lowest rate for that facility. The reduced rate is effective on the day of admission for new admission assessments, on the ARD for significant change in status assessments, or on the day that the assessment was due for all other assessments and continues in effect until the first day of the month following the date of submission and acceptance of the resident's assessment.

(b) If loss of revenue due to penalties incurred by a facility for any period of 92 days are equal to or greater than 1.0 percent of the total operating costs on the facility's most recent annual statistical and cost report, a facility may apply to the commissioner of human services for a reduction in the total penalty amount. The commissioner of human services, in consultation with the commissioner of health, may, at the sole discretion of the commissioner of human services, limit the penalty for residents covered by medical assistance to 15 days.

Subd. 7. Notice of resident reimbursement classification. (a) The commissioner of health shall provide to a nursing facility a notice for each resident of the reimbursement classification established under subdivision 1. The notice must inform the resident of the classification that was assigned, the opportunity to review the documentation supporting the classification, the opportunity to obtain clarification from the commissioner, and the opportunity to request a reconsideration of the classification and the address and telephone number of the Office of Ombudsman for Long-Term Care. The commissioner must transmit the notice of resident classification by electronic means to the nursing facility. A nursing facility is responsible for the distribution of the notice to each resident, to the person responsible for the payment of the resident's nursing home expenses, or to another person designated by the resident. This notice must be distributed within three working days after the facility's receipt of the electronic file of notice of case mix classifications from the commissioner of health.

(b) If a facility submits a modification to the most recent assessment used to establish a case mix classification conducted under subdivision 3 that results in a change in case mix classification, the facility shall give written notice to the resident or the resident's representative about the item that was modified and the reason for the modification. The notice of modified assessment may be provided at the same time that the resident or resident's representative is provided the resident's modified notice of classification.

Subd. 8. Request for reconsideration of resident classifications. (a) The resident, or resident's representative, or the nursing facility or boarding care home may request that the commissioner of health reconsider the assigned reimbursement classification. The request for reconsideration must be submitted in writing to the commissioner within 30 days of the day the resident or the resident's representative receives the resident classification notice. The request for reconsideration must include the name of the resident, the name and address of the facility in which the resident resides, the reasons for the reconsideration, and documentation supporting the request. The documentation accompanying the reconsideration request is limited to a copy of the MDS that determined the classification and other documents that would support or change the MDS findings.

(b) Upon request, the nursing facility must give the resident or the resident's representative a copy of the assessment form and the other documentation that was given to the commissioner of health to support the assessment findings. The nursing facility shall also provide access to and a copy of other information from the resident's record that has been requested by or on behalf of the resident to support a resident's reconsideration request. A copy of any requested material must be provided within three working days of receipt of a written request for the information. Notwithstanding any law to the contrary, the facility may not charge a fee for providing copies of the requested documentation. If a facility fails to provide the material within this time, it is subject to the issuance of a correction order and penalty assessment under sections 144.653 and 144A.10. Notwithstanding those sections, any correction order issued under this subdivision must require that the nursing facility immediately comply with the request for information and that as of the date of the issuance of the correction order, the facility shall forfeit to the state a \$100 fine for the first day of noncompliance, and an increase in the \$100 fine by \$50 increments for each day the noncompliance continues.

(c) In addition to the information required under paragraphs (a) and (b), a reconsideration request from a nursing facility must contain the following information: (i) the date the reimbursement classification notices were received by the facility; (ii) the date the classification notices were distributed to the resident or the resident's representative; and (iii) a copy of a notice sent to the resident or to the resident's representative. This notice must inform the resident or the resident's representative that a reconsideration of the resident's classification is being requested, the reason for the request, that the resident's rate will change if the request is approved by the commissioner, the extent of the change, that copies of the facility's request and supporting documentation are available for review, and that the resident also has the right to request a reconsideration. If the facility fails to provide the required information listed in item (iii) with the reconsideration request, the commissioner may request that the facility provide the information within 14 calendar days. The reconsideration request must be denied if the information is then not provided, and the facility may not make further reconsideration requests on that specific reimbursement classification.

(d) Reconsideration by the commissioner must be made by individuals not involved in reviewing the assessment, audit, or reconsideration that established the disputed classification. The reconsideration must be based upon the assessment that determined the classification and upon the information provided to the commissioner under paragraphs (a) and (b). If necessary for evaluating the reconsideration request, the commissioner may conduct on-site reviews. Within 15 working days of receiving the request for reconsideration, the commissioner shall affirm or modify the original resident classification. The original classification must be modified if the commissioner determines that the assessment resulting in the classification did not accurately reflect characteristics of the resident at the time of the assessment. The resident and the nursing facility or boarding care home shall be notified within five working days after the decision is made. A decision by the commissioner under this subdivision is the final administrative decision of the agency for the party requesting reconsideration.

(e) The resident classification established by the commissioner shall be the classification that applies to the resident while the request for reconsideration is pending. If a request for reconsideration applies to an assessment used to determine nursing facility level of care under subdivision 4, paragraph (c), the resident shall continue to be eligible for nursing facility level of care while the request for reconsideration is pending.

(f) The commissioner may request additional documentation regarding a reconsideration necessary to make an accurate reconsideration determination.

Subd. 9. **Audit authority.** (a) The commissioner shall audit the accuracy of resident assessments performed under section 256B.438 through any of the following: desk audits; on-site review of residents and their records; and interviews with staff, residents, or residents' families. The commissioner shall reclassify a resident if the commissioner determines that the resident was incorrectly classified.

(b) The commissioner is authorized to conduct on-site audits on an unannounced basis.

(c) A facility must grant the commissioner access to examine the medical records relating to the resident assessments selected for audit under this subdivision. The commissioner may also observe and speak to facility staff and residents.

(d) The commissioner shall consider documentation under the time frames for coding items on the minimum data set as set out in the Long-Term Care Facility Resident Assessment Instrument User's Manual published by the Centers for Medicare and Medicaid Services.

(e) The commissioner shall develop an audit selection procedure that includes the following factors:

(1) Each facility shall be audited annually. If a facility has two successive audits in which the percentage of change is five percent or less and the facility has not been the subject of a special audit in the past 36 months, the facility may be audited biannually. A stratified sample of 15 percent, with a minimum of ten assessments, of the most current assessments shall be selected for audit. If more than 20 percent of the RUG-IV classifications are changed as a result of the audit, the audit shall be expanded to a second 15 percent sample, with a minimum of ten assessments. If the total change between the first and second samples is 35 percent or greater, the commissioner may expand the audit to all of the remaining assessments.

(2) If a facility qualifies for an expanded audit, the commissioner may audit the facility again within six months. If a facility has two expanded audits within a 24-month period, that facility will be audited at least every six months for the next 18 months.

(3) The commissioner may conduct special audits if the commissioner determines that circumstances exist that could alter or affect the validity of case mix classifications of residents. These circumstances include, but are not limited to, the following:

- (i) frequent changes in the administration or management of the facility;
- (ii) an unusually high percentage of residents in a specific case mix classification;
- (iii) a high frequency in the number of reconsideration requests received from a facility;
- (iv) frequent adjustments of case mix classifications as the result of reconsiderations or audits;
- (v) a criminal indictment alleging provider fraud;
- (vi) other similar factors that relate to a facility's ability to conduct accurate assessments;
- (vii) an atypical pattern of scoring minimum data set items;
- (viii) nonsubmission of assessments;
- (ix) late submission of assessments; or
- (x) a previous history of audit changes of 35 percent or greater.

(f) Within 15 working days of completing the audit process, the commissioner shall make available electronically the results of the audit to the facility. If the results of the audit reflect a change in the resident's case mix classification, a case mix classification notice will be made available electronically to the facility, using the procedure in subdivision 7, paragraph (a). The notice must contain the resident's classification and a statement informing the resident, the resident's authorized representative, and the facility of their right to review the commissioner's documents supporting the classification and to request a reconsideration of the classification. This notice must also include the address and telephone number of the Office of Ombudsman for Long-Term Care.

Subd. 10. **Transition.** After implementation of this section, reconsiderations requested for classifications made under section 144.0722, subdivision 1, shall be determined under section 144.0722, subdivision 3.

Subd. 11. **Nursing facility level of care.** (a) For purposes of medical assistance payment of long-term care services, a recipient must be determined, using assessments defined in subdivision 4, to meet one of the following nursing facility level of care criteria:

- (1) the person requires formal clinical monitoring at least once per day;
- (2) the person needs the assistance of another person or constant supervision to begin and complete at least four of the following activities of living: bathing, bed mobility, dressing, eating, grooming, toileting, transferring, and walking;
- (3) the person needs the assistance of another person or constant supervision to begin and complete toileting, transferring, or positioning and the assistance cannot be scheduled;
- (4) the person has significant difficulty with memory, using information, daily decision making, or behavioral needs that require intervention;
- (5) the person has had a qualifying nursing facility stay of at least 90 days;
- (6) the person meets the nursing facility level of care criteria determined 90 days after admission or on the first quarterly assessment after admission, whichever is later; or

(7) the person is determined to be at risk for nursing facility admission or readmission through a face-to-face long-term care consultation assessment as specified in section 256B.0911, subdivision 3a, 3b, or 4d, by a county, tribe, or managed care organization under contract with the Department of Human Services. The person is considered at risk under this clause if the person currently lives alone or will live alone upon discharge or be homeless without the person's current housing type and also meets one of the following criteria:

(i) the person has experienced a fall resulting in a fracture;

(ii) the person has been determined to be at risk of maltreatment or neglect, including self-neglect; or

(iii) the person has a sensory impairment that substantially impacts functional ability and maintenance of a community residence.

(b) The assessment used to establish medical assistance payment for nursing facility services must be the most recent assessment performed under subdivision 4, paragraph (b), that occurred no more than 90 calendar days before the effective date of medical assistance eligibility for payment of long-term care services. In no case shall medical assistance payment for long-term care services occur prior to the date of the determination of nursing facility level of care.

(c) The assessment used to establish medical assistance payment for long-term care services provided under sections 256B.0915 and 256B.49 and alternative care payment for services provided under section 256B.0913 must be the most recent face-to-face assessment performed under section 256B.0911, subdivision 3a, 3b, or 4d, that occurred no more than 60 calendar days before the effective date of medical assistance eligibility for payment of long-term care services.

Subd. 12. Appeal of nursing facility level of care determination. A resident or prospective resident whose level of care determination results in a denial of long-term care services can appeal the determination as outlined in section 256B.0911, subdivision 3a, paragraph (h), clause (9). The commissioner of human services shall ensure that notice of changes in eligibility due to a nursing facility level of care determination is provided to each affected recipient or the recipient's guardian at least 30 days before the effective date of the change. The notice shall include the following information:

(1) how to obtain further information on the changes;

(2) how to receive assistance in obtaining other services;

(3) a list of community resources; and

(4) appeal rights.

A recipient who meets the criteria in section 256B.0922, subdivision 2, paragraph (a), clauses (1) and (2), may request continued services pending appeal within the time period allowed to request an appeal under section 256.045, subdivision 3, paragraph (h).

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 3. Minnesota Statutes 2013 Supplement, section 245.8251, is amended to read:

245.8251 POSITIVE SUPPORT STRATEGIES AND EMERGENCY MANUAL RESTRAINT; LICENSED FACILITIES AND PROGRAMS.

Subdivision 1. **Rules governing the use of positive support strategies and restricting or prohibiting restrictive interventions.** The commissioner of human services shall, ~~within 24 months of May 23, 2013 by August 31, 2015,~~ adopt rules governing the use of positive support strategies, ~~safety interventions,~~ and emergency

use of manual restraint, and restricting or prohibiting the use of restrictive interventions, in all facilities and services licensed under chapter 245D, and in all licensed facilities and licensed services serving persons with a developmental disability or related condition. For the purposes of this section, "developmental disability or related condition" has the meaning given in Minnesota Rules, part 9525.0016, subpart 2, items A to E.

Subd. 2. **Data collection.** (a) The commissioner shall, with stakeholder input, ~~develop~~ identify data collection elements specific to incidents of emergency use of manual restraint and positive support transition plans for persons receiving services from ~~providers governed~~ licensed facilities and licensed services under chapter 245D and in licensed facilities and licensed services serving persons with a developmental disability or related condition as defined in Minnesota Rules, part 9525.0016, subpart 2, effective January 1, 2014. ~~Providers~~ Licensed facilities and licensed services shall report the data in a format and at a frequency determined by the commissioner of human services. ~~Providers shall submit the data~~ to the commissioner and the Office of the Ombudsman for Mental Health and Developmental Disabilities.

(b) Beginning July 1, 2013, ~~providers~~ licensed facilities and licensed services regulated under Minnesota Rules, parts 9525.2700 to 9525.2810, shall submit data regarding the use of all controlled procedures identified in Minnesota Rules, part 9525.2740, in a format and at a frequency determined by the commissioner. ~~Providers shall submit the data~~ to the commissioner and the Office of the Ombudsman for Mental Health and Developmental Disabilities.

Subd. 3. **External program review committee.** Rules adopted according to this section shall establish requirements for an external program review committee appointed by the commissioner to monitor implementation of the rules and make recommendations to the commissioner about any needed policy changes after adoption of the rules.

Subd. 4. **Interim review panel.** (a) The commissioner shall establish an interim review panel by August 15, 2014, for the purpose of reviewing requests for emergency use of procedures that have been part of an approved positive support transition plan when necessary to protect a person from imminent risk of serious injury as defined in section 245.91, subdivision 6, due to self-injurious behavior. The panel must make recommendations to the commissioner to approve or deny these requests based on criteria to be established by the interim review panel. The interim review panel shall operate until the external program review committee is established as required under subdivision 3.

(b) Members of the interim review panel shall be selected based on their expertise and knowledge related to the use of positive support strategies as alternatives to the use of restrictive interventions. The commissioner shall seek input and recommendations in establishing the interim review panel. Members of the interim review panel shall include the following representatives:

- (1) an expert in positive supports;
- (2) a mental health professional, as defined in section 245.462;
- (3) a licensed health professional as defined in section 245D.02, subdivision 14; and
- (4) a representative of the Department of Health.

Sec. 4. Minnesota Statutes 2013 Supplement, section 245A.03, subdivision 7, is amended to read:

Subd. 7. **Licensing moratorium.** (a) The commissioner shall not issue an initial license for child foster care licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, or adult foster care licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, under this chapter for a physical location that will not be the primary residence of the license holder for the entire period of licensure. If a license is issued during this moratorium, and the license holder

changes the license holder's primary residence away from the physical location of the foster care license, the commissioner shall revoke the license according to section 245A.07. The commissioner shall not issue an initial license for a community residential setting licensed under chapter 245D. Exceptions to the moratorium include:

- (1) foster care settings that are required to be registered under chapter 144D;
 - (2) foster care licenses replacing foster care licenses in existence on May 15, 2009, or community residential setting licenses replacing adult foster care licenses in existence on December 31, 2013, and determined to be needed by the commissioner under paragraph (b);
 - (3) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for the closure of a nursing facility, ICF/DD, or regional treatment center; restructuring of state-operated services that limits the capacity of state-operated facilities; or allowing movement to the community for people who no longer require the level of care provided in state-operated facilities as provided under section 256B.092, subdivision 13, or 256B.49, subdivision 24;
 - (4) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for persons requiring hospital level care; or
 - (5) new foster care licenses or community residential setting licenses determined to be needed by the commissioner for the transition of people from personal care assistance to the home and community-based services.
- (b) The commissioner shall determine the need for newly licensed foster care homes or community residential settings as defined under this subdivision. As part of the determination, the commissioner shall consider the availability of foster care capacity in the area in which the licensee seeks to operate, and the recommendation of the local county board. The determination by the commissioner must be final. A determination of need is not required for a change in ownership at the same address.
- (c) When an adult resident served by the program moves out of a foster home that is not the primary residence of the license holder according to section 256B.49, subdivision 15, paragraph (f), or the adult community residential setting, the county shall immediately inform the Department of Human Services Licensing Division. The department shall decrease the statewide licensed capacity for adult foster care settings where the physical location is not the primary residence of the license holder, or for adult community residential settings, if the voluntary changes described in paragraph (e) are not sufficient to meet the savings required by reductions in licensed bed capacity under Laws 2011, First Special Session chapter 9, article 7, sections 1 and 40, paragraph (f), and maintain statewide long-term care residential services capacity within budgetary limits. Implementation of the statewide licensed capacity reduction shall begin on July 1, 2013. The commissioner shall delicense up to 128 beds by June 30, 2014, using the needs determination process. Prior to any involuntary reduction of licensed capacity, the commissioner shall consult with lead agencies and license holders to determine which adult foster care settings where the physical location is not the primary residence of the license holder, or community residential settings, are licensed for up to five beds but have operated at less than full capacity for 12 or more months as of March 1, 2014. The settings that meet these criteria shall be the first to be considered for any involuntary decrease in statewide licensed capacity, up to a maximum of 35 beds. If more than 35 beds are identified that meet these criteria, the commissioner shall prioritize the selection of those beds to be closed based on the length of time the beds have been vacant. The longer a bed has been vacant, the higher priority it must be given for closure. Under this paragraph, the commissioner has the authority to reduce unused licensed capacity of a current foster care program, or the community residential settings, to accomplish the consolidation or closure of settings. Under this paragraph, the commissioner has the authority to manage statewide capacity, including adjusting the capacity available to each county and adjusting statewide available capacity, to meet the statewide needs identified through the process in paragraph (e). A decreased licensed capacity according to this paragraph is not subject to appeal under this chapter.

(d) Residential settings that would otherwise be subject to the decreased license capacity established in paragraph (c) shall be exempt under the following circumstances:

(1) until August 1, 2013, the license holder's beds occupied by residents whose primary diagnosis is mental illness and the license holder is:

(i) a provider of assertive community treatment (ACT) or adult rehabilitative mental health services (ARMHS) as defined in section 256B.0623;

(ii) a mental health center certified under Minnesota Rules, parts 9520.0750 to 9520.0870;

(iii) a mental health clinic certified under Minnesota Rules, parts 9520.0750 to 9520.0870; or

(iv) a provider of intensive residential treatment services (IRTS) licensed under Minnesota Rules, parts 9520.0500 to 9520.0670; or

(2) the license holder's beds occupied by residents whose primary diagnosis is mental illness and the license holder is certified under the requirements in subdivision 6a or section 245D.33.

(e) A resource need determination process, managed at the state level, using the available reports required by section 144A.351, and other data and information shall be used to determine where the reduced capacity required under paragraph (c) will be implemented. The commissioner shall consult with the stakeholders described in section 144A.351, and employ a variety of methods to improve the state's capacity to meet long-term care service needs within budgetary limits, including seeking proposals from service providers or lead agencies to change service type, capacity, or location to improve services, increase the independence of residents, and better meet needs identified by the long-term care services reports and statewide data and information. By February 1, 2013, and August 1, 2014, and each following year, the commissioner shall provide information and data on the overall capacity of licensed long-term care services, actions taken under this subdivision to manage statewide long-term care services and supports resources, and any recommendations for change to the legislative committees with jurisdiction over health and human services budget.

(f) At the time of application and reapplication for licensure, the applicant and the license holder that are subject to the moratorium or an exclusion established in paragraph (a) are required to inform the commissioner whether the physical location where the foster care will be provided is or will be the primary residence of the license holder for the entire period of licensure. If the primary residence of the applicant or license holder changes, the applicant or license holder must notify the commissioner immediately. The commissioner shall print on the foster care license certificate whether or not the physical location is the primary residence of the license holder.

(g) License holders of foster care homes identified under paragraph (f) that are not the primary residence of the license holder and that also provide services in the foster care home that are covered by a federally approved home and community-based services waiver, as authorized under section 256B.0915, 256B.092, or 256B.49, must inform the human services licensing division that the license holder provides or intends to provide these waiver-funded services.

Sec. 5. Minnesota Statutes 2013 Supplement, section 245A.042, subdivision 3, is amended to read:

Subd. 3. **Implementation.** (a) The commissioner shall implement the responsibilities of this chapter according to the timelines in paragraphs (b) and (c) only within the limits of available appropriations or other administrative cost recovery methodology.

(b) The licensure of home and community-based services according to this section shall be implemented January 1, 2014. License applications shall be received and processed on a phased-in schedule as determined by the commissioner beginning July 1, 2013. Licenses will be issued thereafter upon the commissioner's determination that the application is complete according to section 245A.04.

(c) Within the limits of available appropriations or other administrative cost recovery methodology, implementation of compliance monitoring must be phased in after January 1, 2014.

(1) Applicants who do not currently hold a license issued under chapter 245B must receive an initial compliance monitoring visit after 12 months of the effective date of the initial license for the purpose of providing technical assistance on how to achieve and maintain compliance with the applicable law or rules governing the provision of home and community-based services under chapter 245D. If during the review the commissioner finds that the license holder has failed to achieve compliance with an applicable law or rule and this failure does not imminently endanger the health, safety, or rights of the persons served by the program, the commissioner may issue a licensing review report with recommendations for achieving and maintaining compliance.

(2) Applicants who do currently hold a license issued under this chapter must receive a compliance monitoring visit after 24 months of the effective date of the initial license.

(d) Nothing in this subdivision shall be construed to limit the commissioner's authority to suspend or revoke a license or issue a fine at any time under section 245A.07, or issue correction orders and make a license conditional for failure to comply with applicable laws or rules under section 245A.06, based on the nature, chronicity, or severity of the violation of law or rule and the effect of the violation on the health, safety, or rights of persons served by the program.

(e) License holders governed under chapter 245D must ensure compliance with the following requirements within the stated timelines:

(1) service initiation and service planning requirements must be met at the next annual meeting of the person's support team or by January 1, 2015, whichever is later, for the following:

(i) provision of a written notice that identifies the service recipient rights and an explanation of those rights as required under section 245D.04, subdivision 1;

(ii) service planning for basic support services as required under section 245D.07, subdivision 2; and

(iii) service planning for intensive support services under section 245D.071, subdivisions 3 and 4;

(2) staff orientation to program requirements as required under section 245D.09, subdivision 4, for staff hired before January 1, 2014, must be met by January 1, 2015. The license holder may otherwise provide documentation verifying these requirements were met before January 1, 2014;

(3) development of policy and procedures as required under section 245D.11, must be completed no later than August 31, 2014;

(4) written or electronic notice and copies of policies and procedures must be provided to all persons or their legal representatives and case managers as required under section 245D.10, subdivision 4, paragraphs (b) and (c), by September 15, 2014, or within 30 days of development of the required policies and procedures, whichever is earlier; and

(5) all employees must be informed of the revisions and training must be provided on implementation of the revised policies and procedures as required under section 245D.10, subdivision 4, paragraph (d), by September 15, 2014, or within 30 days of development of the required policies and procedures, whichever is earlier.

Sec. 6. Minnesota Statutes 2013 Supplement, section 245A.16, subdivision 1, is amended to read:

Subdivision 1. **Delegation of authority to agencies.** (a) County agencies and private agencies that have been designated or licensed by the commissioner to perform licensing functions and activities under section 245A.04 and background studies for family child care under chapter 245C; to recommend denial of applicants under section 245A.05; to issue correction orders, to issue variances, and recommend a conditional license under section 245A.06, or to recommend suspending or revoking a license or issuing a fine under section 245A.07, shall comply with rules and directives of the commissioner governing those functions and with this section. The following variances are excluded from the delegation of variance authority and may be issued only by the commissioner:

(1) dual licensure of family child care and child foster care, dual licensure of child and adult foster care, and adult foster care and family child care;

(2) adult foster care maximum capacity;

(3) adult foster care minimum age requirement;

(4) child foster care maximum age requirement;

(5) variances regarding disqualified individuals except that county agencies may issue variances under section 245C.30 regarding disqualified individuals when the county is responsible for conducting a consolidated reconsideration according to sections 245C.25 and 245C.27, subdivision 2, clauses (a) and (b), of a county maltreatment determination and a disqualification based on serious or recurring maltreatment;

(6) the required presence of a caregiver in the adult foster care residence during normal sleeping hours; and

(7) variances for community residential setting licenses under chapter 245D.

Except as provided in section 245A.14, subdivision 4, paragraph (e), a county agency must not grant a license holder a variance to exceed the maximum allowable family child care license capacity of 14 children.

(b) County agencies must report information about disqualification reconsiderations under sections 245C.25 and 245C.27, subdivision 2, paragraphs (a) and (b), and variances granted under paragraph (a), clause (5), to the commissioner at least monthly in a format prescribed by the commissioner.

(c) For family day care programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

(d) For family adult day services programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

(e) A license issued under this section may be issued for up to two years.

(f) During implementation of chapter 245D, the commissioner shall consider:

(1) the role of counties in quality assurance;

(2) the duties of county licensing staff; and

(3) the possible use of joint powers agreements, according to section 471.59, with counties through which some licensing duties under chapter 245D may be delegated by the commissioner to the counties.

Any consideration related to this paragraph must meet all of the requirements of the corrective action plan ordered by the federal Centers for Medicare and Medicaid Services.

(g) Licensing authority specific to section 245D.06, subdivisions 5, 6, 7, and 8, or successor provisions; and section 245D.061 or successor provisions, for family child foster care programs providing out-of-home respite, as identified in section 245D.03, subdivision 1, paragraph (b), clause (1), is excluded from the delegation of authority to county and private agencies.

Sec. 7. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 3, is amended to read:

Subd. 3. **Case manager.** "Case manager" means the individual designated to provide waiver case management services, care coordination, or long-term care consultation, as specified in sections 256B.0913, 256B.0915, 256B.092, and 256B.49, or successor provisions. For purposes of this chapter, "case manager" includes case management services as defined in Minnesota Rules, part 9520.0902, subpart 3.

Sec. 8. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 4b, is amended to read:

Subd. 4b. **Coordinated service and support plan.** "Coordinated service and support plan" has the meaning given in sections 256B.0913, subdivision 8; 256B.0915, subdivision 6; 256B.092, subdivision 1b; and 256B.49, subdivision 15, or successor provisions. For purposes of this chapter, "coordinated service and support plan" includes the individual program plan or individual treatment plan as defined in Minnesota Rules, part 9520.0510, subpart 12.

Sec. 9. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 8b, is amended to read:

Subd. 8b. **Expanded support team.** "Expanded support team" means the members of the support team defined in subdivision ~~46~~ 34 and a licensed health or mental health professional or other licensed, certified, or qualified professionals or consultants working with the person and included in the team at the request of the person or the person's legal representative.

Sec. 10. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 11, is amended to read:

Subd. 11. **Incident.** "Incident" means an occurrence which involves a person and requires the program to make a response that is not a part of the program's ordinary provision of services to that person, and includes:

- (1) serious injury of a person as determined by section 245.91, subdivision 6;
- (2) a person's death;
- (3) any medical emergency, unexpected serious illness, or significant unexpected change in an illness or medical condition of a person that requires the program to call 911, physician treatment, or hospitalization;
- (4) any mental health crisis that requires the program to call 911 ~~or~~ a mental health crisis intervention team, or a similar mental health response team or service when available and appropriate;
- (5) an act or situation involving a person that requires the program to call 911, law enforcement, or the fire department;
- (6) a person's unauthorized or unexplained absence from a program;
- (7) conduct by a person receiving services against another person receiving services that:

(i) is so severe, pervasive, or objectively offensive that it substantially interferes with a person's opportunities to participate in or receive service or support;

(ii) places the person in actual and reasonable fear of harm;

(iii) places the person in actual and reasonable fear of damage to property of the person; or

(iv) substantially disrupts the orderly operation of the program;

(8) any sexual activity between persons receiving services involving force or coercion as defined under section 609.341, subdivisions 3 and 14;

(9) any emergency use of manual restraint as identified in section 245D.061 or successor provisions; or

(10) a report of alleged or suspected child or vulnerable adult maltreatment under section 626.556 or 626.557.

Sec. 11. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 15b, is amended to read:

Subd. 15b. **Mechanical restraint.** ~~(a) Except for devices worn by the person that trigger electronic alarms to warn staff that a person is leaving a room or area, which do not, in and of themselves, restrict freedom of movement, or the use of adaptive aids or equipment or orthotic devices ordered by a health care professional used to treat or manage a medical condition,~~ "Mechanical restraint" means the use of devices, materials, or equipment attached or adjacent to the person's body, or the use of practices that are intended to restrict freedom of movement or normal access to one's body or body parts, or limits a person's voluntary movement or holds a person immobile as an intervention precipitated by a person's behavior. The term applies to the use of mechanical restraint used to prevent injury with persons who engage in self-injurious behaviors, such as head-banging, gouging, or other actions resulting in tissue damage that have caused or could cause medical problems resulting from the self-injury.

(b) Mechanical restraint does not include the following:

(1) devices worn by the person that trigger electronic alarms to warn staff that a person is leaving a room or area, which do not, in and of themselves, restrict freedom of movement; or

(2) the use of adaptive aids or equipment or orthotic devices ordered by a health care professional used to treat or manage a medical condition.

Sec. 12. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 29, is amended to read:

Subd. 29. **Seclusion.** "Seclusion" means ~~the placement of a person alone in:~~ (1) removing a person involuntarily to a room from which exit is prohibited by a staff person or a mechanism such as a lock, a device, or an object positioned to hold the door closed or otherwise prevent the person from leaving the room; or (2) otherwise involuntarily removing or separating a person from an area, activity, situation, or social contact with others and blocking or preventing the person's return.

Sec. 13. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 34, is amended to read:

Subd. 34. **Support team.** "Support team" means the service planning team identified in section 256B.49, subdivision 15, ~~or~~ the interdisciplinary team identified in Minnesota Rules, part 9525.0004, subpart 14; or the case management team as defined in Minnesota Rules, part 9520.0902, subpart 6.

Sec. 14. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 34a, is amended to read:

Subd. 34a. **Time out.** "Time out" means ~~removing a person involuntarily from an ongoing activity to a room, either locked or unlocked, or otherwise separating a person from others in a way that prevents social contact and prevents the person from leaving the situation if the person chooses~~ the involuntary removal of a person for a period of time to a designated area from which the person is not prevented from leaving. For the purpose of this chapter, "time out" does not mean voluntary removal or self-removal for the purpose of calming, prevention of escalation, or de-escalation of behavior ~~for a period of up to 15 minutes.~~ "Time out" does not include a person voluntarily moving from an ongoing activity to an unlocked room or otherwise separating from a situation or social contact with others if the person chooses. ~~For the purposes of this definition, "voluntarily" means without being forced, compelled, or coerced; nor does it mean taking a brief "break" or "rest" from an activity for the purpose of providing the person an opportunity to regain self-control.~~

Sec. 15. Minnesota Statutes 2013 Supplement, section 245D.02, is amended by adding a subdivision to read:

Subd. 35b. **Unlicensed staff.** "Unlicensed staff" means individuals not otherwise licensed or certified by a governmental health board or agency.

Sec. 16. Minnesota Statutes 2013 Supplement, section 245D.03, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) The commissioner shall regulate the provision of home and community-based services to persons with disabilities and persons age 65 and older pursuant to this chapter. The licensing standards in this chapter govern the provision of basic support services and intensive support services.

(b) Basic support services provide the level of assistance, supervision, and care that is necessary to ensure the health and safety of the person and do not include services that are specifically directed toward the training, treatment, habilitation, or rehabilitation of the person. Basic support services include:

(1) in-home and out-of-home respite care services as defined in section 245A.02, subdivision 15, and under the brain injury, community alternative care, community alternatives for disabled individuals, developmental disability, and elderly waiver plans, excluding out-of-home respite care provided to children in a family child foster care home licensed under Minnesota Rules, parts 2960.3000 to 2960.3100, when the child foster care license holder complies with the requirements under section 245D.06, subdivisions 5, 6, 7, and 8, or successor provisions; and section 245D.061 or successor provisions, which must be stipulated in the statement of intended use required under Minnesota Rules, part 2960.3000, subpart 4;

(2) adult companion services as defined under the brain injury, community alternatives for disabled individuals, and elderly waiver plans, excluding adult companion services provided under the Corporation for National and Community Services Senior Companion Program established under the Domestic Volunteer Service Act of 1973, Public Law 98-288;

(3) personal support as defined under the developmental disability waiver plan;

(4) 24-hour emergency assistance, personal emergency response as defined under the community alternatives for disabled individuals and developmental disability waiver plans;

(5) night supervision services as defined under the brain injury waiver plan; and

(6) homemaker services as defined under the community alternatives for disabled individuals, brain injury, community alternative care, developmental disability, and elderly waiver plans, excluding providers licensed by the Department of Health under chapter 144A and those providers providing cleaning services only.

(c) Intensive support services provide assistance, supervision, and care that is necessary to ensure the health and safety of the person and services specifically directed toward the training, habilitation, or rehabilitation of the person. Intensive support services include:

(1) intervention services, including:

(i) behavioral support services as defined under the brain injury and community alternatives for disabled individuals waiver plans;

(ii) in-home or out-of-home crisis respite services as defined under the developmental disability waiver plan; and

(iii) specialist services as defined under the current developmental disability waiver plan;

(2) in-home support services, including:

(i) in-home family support and supported living services as defined under the developmental disability waiver plan;

(ii) independent living services training as defined under the brain injury and community alternatives for disabled individuals waiver plans; and

(iii) semi-independent living services;

(3) residential supports and services, including:

(i) supported living services as defined under the developmental disability waiver plan provided in a family or corporate child foster care residence, a family adult foster care residence, a community residential setting, or a supervised living facility;

(ii) foster care services as defined in the brain injury, community alternative care, and community alternatives for disabled individuals waiver plans provided in a family or corporate child foster care residence, a family adult foster care residence, or a community residential setting; and

(iii) residential services provided to more than four persons with developmental disabilities in a supervised living facility ~~that is certified by the Department of Health as an ICF/DD, including ICFs/DD;~~

(4) day services, including:

(i) structured day services as defined under the brain injury waiver plan;

(ii) day training and habilitation services under sections 252.40 to 252.46, and as defined under the developmental disability waiver plan; and

(iii) prevocational services as defined under the brain injury and community alternatives for disabled individuals waiver plans; and

(5) supported employment as defined under the brain injury, developmental disability, and community alternatives for disabled individuals waiver plans.

Sec. 17. Minnesota Statutes 2013 Supplement, section 245D.03, is amended by adding a subdivision to read:

Subd. 1a. **Effect.** The home and community-based services standards establish health, safety, welfare, and rights protections for persons receiving services governed by this chapter. The standards recognize the diversity of persons receiving these services and require that these services are provided in a manner that meets each person's individual needs and ensures continuity in service planning, care, and coordination between the license holder and members of each person's support team or expanded support team.

Sec. 18. Minnesota Statutes 2013 Supplement, section 245D.03, subdivision 2, is amended to read:

Subd. 2. Relationship to other standards governing home and community-based services. (a) A license holder governed by this chapter is also subject to the licensure requirements under chapter 245A.

~~(b) A corporate or family child foster care site controlled by a license holder and providing services governed by this chapter is exempt from compliance with section 245D.04. This exemption applies to foster care homes where at least one resident is receiving residential supports and services licensed according to this chapter. This chapter does not apply to corporate or family child foster care homes that do not provide services licensed under this chapter.~~

(c) A family adult foster care site controlled by a license holder ~~and~~ providing services governed by this chapter is exempt from compliance with Minnesota Rules, parts 9555.6185; 9555.6225, subpart 8; 9555.6245; 9555.6255; and 9555.6265. These exemptions apply to family adult foster care homes where at least one resident is receiving residential supports and services licensed according to this chapter. This chapter does not apply to family adult foster care homes that do not provide services licensed under this chapter.

(d) A license holder providing services licensed according to this chapter in a supervised living facility is exempt from compliance with ~~sections~~ section 245D.04; 245D.05, subdivision 2; and 245D.06, subdivision 2, clauses (1), (4), and (5).

(e) A license holder providing residential services to persons in an ICF/DD is exempt from compliance with sections 245D.04; 245D.05, subdivision 1b; 245D.06, subdivision 2, clauses (4) and (5); 245D.071, subdivisions 4 and 5; 245D.081, subdivision 2; 245D.09, subdivision 7; 245D.095, subdivision 2; and 245D.11, subdivision 3.

(f) A license holder providing homemaker services licensed according to this chapter and registered according to chapter 144A is exempt from compliance with section 245D.04.

(g) Nothing in this chapter prohibits a license holder from concurrently serving persons without disabilities or people who are or are not age 65 and older, provided this chapter's standards are met as well as other relevant standards.

(h) The documentation required under sections 245D.07 and 245D.071 must meet the individual program plan requirements identified in section 256B.092 or successor provisions.

Sec. 19. Minnesota Statutes 2013 Supplement, section 245D.03, subdivision 3, is amended to read:

Subd. 3. Variance. If the conditions in section 245A.04, subdivision 9, are met, the commissioner may grant a variance to any of the requirements in this chapter, except sections 245D.04; 245D.06, subdivision 4, paragraph (b), and subdivision 6, or successor provisions; and ~~245D.061, subdivision 3, or~~ provisions governing data practices and information rights of persons.

Sec. 20. Minnesota Statutes 2013 Supplement, section 245D.04, subdivision 3, is amended to read:

Subd. 3. **Protection-related rights.** (a) A person's protection-related rights include the right to:

(1) have personal, financial, service, health, and medical information kept private, and be advised of disclosure of this information by the license holder;

(2) access records and recorded information about the person in accordance with applicable state and federal law, regulation, or rule;

(3) be free from maltreatment;

(4) be free from restraint, time out, ~~or~~ seclusion, restrictive intervention, or other prohibited procedure identified in section 245D.06, subdivision 5, or successor provisions, except for: (i) emergency use of manual restraint to protect the person from imminent danger to self or others according to the requirements in section 245D.06; 245D.061 or successor provisions; or (ii) the use of safety interventions as part of a positive support transition plan under section 245D.06, subdivision 8, or successor provisions;

(5) receive services in a clean and safe environment when the license holder is the owner, lessor, or tenant of the service site;

(6) be treated with courtesy and respect and receive respectful treatment of the person's property;

(7) reasonable observance of cultural and ethnic practice and religion;

(8) be free from bias and harassment regarding race, gender, age, disability, spirituality, and sexual orientation;

(9) be informed of and use the license holder's grievance policy and procedures, including knowing how to contact persons responsible for addressing problems and to appeal under section 256.045;

(10) know the name, telephone number, and the Web site, e-mail, and street addresses of protection and advocacy services, including the appropriate state-appointed ombudsman, and a brief description of how to file a complaint with these offices;

(11) assert these rights personally, or have them asserted by the person's family, authorized representative, or legal representative, without retaliation;

(12) give or withhold written informed consent to participate in any research or experimental treatment;

(13) associate with other persons of the person's choice;

(14) personal privacy; and

(15) engage in chosen activities.

(b) For a person residing in a residential site licensed according to chapter 245A, or where the license holder is the owner, lessor, or tenant of the residential service site, protection-related rights also include the right to:

(1) have daily, private access to and use of a non-coin-operated telephone for local calls and long-distance calls made collect or paid for by the person;

(2) receive and send, without interference, uncensored, unopened mail or electronic correspondence or communication;

(3) have use of and free access to common areas in the residence; and

(4) privacy for visits with the person's spouse, next of kin, legal counsel, religious advisor, or others, in accordance with section 363A.09 of the Human Rights Act, including privacy in the person's bedroom.

(c) Restriction of a person's rights under ~~subdivision 2, clause (10), or~~ paragraph (a), clauses (13) to (15), or paragraph (b) is allowed only if determined necessary to ensure the health, safety, and well-being of the person. Any restriction of those rights must be documented in the person's coordinated service and support plan or coordinated service and support plan addendum. The restriction must be implemented in the least restrictive alternative manner necessary to protect the person and provide support to reduce or eliminate the need for the restriction in the most integrated setting and inclusive manner. The documentation must include the following information:

(1) the justification for the restriction based on an assessment of the person's vulnerability related to exercising the right without restriction;

(2) the objective measures set as conditions for ending the restriction;

(3) a schedule for reviewing the need for the restriction based on the conditions for ending the restriction to occur semiannually from the date of initial approval, at a minimum, or more frequently if requested by the person, the person's legal representative, if any, and case manager; and

(4) signed and dated approval for the restriction from the person, or the person's legal representative, if any. A restriction may be implemented only when the required approval has been obtained. Approval may be withdrawn at any time. If approval is withdrawn, the right must be immediately and fully restored.

Sec. 21. Minnesota Statutes 2013 Supplement, section 245D.05, subdivision 1, is amended to read:

Subdivision 1. **Health needs.** (a) The license holder is responsible for meeting health service needs assigned in the coordinated service and support plan or the coordinated service and support plan addendum, consistent with the person's health needs. The license holder is responsible for promptly notifying the person's legal representative, if any, and the case manager of changes in a person's physical and mental health needs affecting health service needs assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, when discovered by the license holder, unless the license holder has reason to know the change has already been reported. The license holder must document when the notice is provided.

(b) If responsibility for meeting the person's health service needs has been assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder must maintain documentation on how the person's health needs will be met, including a description of the procedures the license holder will follow in order to:

(1) provide medication ~~setup, assistance, or medication administration~~ according to this chapter. Unlicensed staff responsible for medication setup or medication administration under this section must complete training according to section 245D.09, subdivision 4a, paragraph (d);

(2) monitor health conditions according to written instructions from a licensed health professional;

(3) assist with or coordinate medical, dental, and other health service appointments; or

(4) use medical equipment, devices, or adaptive aides or technology safely and correctly according to written instructions from a licensed health professional.

Sec. 22. Minnesota Statutes 2013 Supplement, section 245D.05, subdivision 1a, is amended to read:

Subd. 1a. **Medication setup.** (a) For the purposes of this subdivision, "medication setup" means the arranging of medications according to instructions from the pharmacy, the prescriber, or a licensed nurse, for later administration when the license holder is assigned responsibility ~~for medication assistance or medication administration~~ in the coordinated service and support plan or the coordinated service and support plan addendum. A prescription label or the prescriber's written or electronically recorded order for the prescription is sufficient to constitute written instructions from the prescriber.

(b) If responsibility for medication setup is assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, or if the license holder provides it as part of medication assistance or medication administration, the license holder must document in the person's medication administration record: dates of setup, name of medication, quantity of dose, times to be administered, and route of administration at time of setup; and, when the person will be away from home, to whom the medications were given.

Sec. 23. Minnesota Statutes 2013 Supplement, section 245D.05, subdivision 1b, is amended to read:

Subd. 1b. **Medication assistance.** (a) For purposes of this subdivision, "medication assistance" means any of the following:

(1) bringing to the person and opening a container of previously set up medications, emptying the container into the person's hand, or opening and giving the medications in the original container to the person under the direction of the person;

(2) bringing to the person liquids or food to accompany the medication; or

(3) providing reminders to take regularly scheduled medication or perform regularly scheduled treatments and exercises.

~~(b) If responsibility for medication assistance is assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder must ensure that the requirements of subdivision 2, paragraph (b), have been met when staff provides medication assistance to enable is provided in a manner that enables a person to self-administer medication or treatment when the person is capable of directing the person's own care, or when the person's legal representative is present and able to direct care for the person. For the purposes of this subdivision, "medication assistance" means any of the following:~~

~~(1) bringing to the person and opening a container of previously set up medications, emptying the container into the person's hand, or opening and giving the medications in the original container to the person;~~

~~(2) bringing to the person liquids or food to accompany the medication; or~~

~~(3) providing reminders to take regularly scheduled medication or perform regularly scheduled treatments and exercises.~~

Sec. 24. Minnesota Statutes 2013 Supplement, section 245D.05, subdivision 2, is amended to read:

Subd. 2. **Medication administration.** ~~(a) If responsibility for medication administration is assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder must implement the following medication administration procedures to ensure a person takes medications and treatments as prescribed~~ For purposes of this subdivision, "medication administration" means:

(1) checking the person's medication record;

(2) preparing the medication as necessary;

(3) administering the medication or treatment to the person;

(4) documenting the administration of the medication or treatment or the reason for not administering the medication or treatment; and

(5) reporting to the prescriber or a nurse any concerns about the medication or treatment, including side effects, effectiveness, or a pattern of the person refusing to take the medication or treatment as prescribed. Adverse reactions must be immediately reported to the prescriber or a nurse.

(b)(1) If responsibility for medication administration is assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder must implement medication administration procedures to ensure a person takes medications and treatments as prescribed. The license holder must ensure that the requirements in clauses (2) ~~to (4)~~ and (3) have been met before administering medication or treatment.

(2) The license holder must obtain written authorization from the person or the person's legal representative to administer medication or treatment and must obtain reauthorization annually as needed. This authorization shall remain in effect unless it is withdrawn in writing and may be withdrawn at any time. If the person or the person's legal representative refuses to authorize the license holder to administer medication, the medication must not be administered. The refusal to authorize medication administration must be reported to the prescriber as expediently as possible.

~~(3) The staff person responsible for administering the medication or treatment must complete medication administration training according to section 245D.09, subdivision 4a, paragraphs (a) and (c), and, as applicable to the person, paragraph (d).~~

~~(4)~~ (3) For a license holder providing intensive support services, the medication or treatment must be administered according to the license holder's medication administration policy and procedures as required under section 245D.11, subdivision 2, clause (3).

(c) The license holder must ensure the following information is documented in the person's medication administration record:

(1) the information on the current prescription label or the prescriber's current written or electronically recorded order or prescription that includes the person's name, description of the medication or treatment to be provided, and the frequency and other information needed to safely and correctly administer the medication or treatment to ensure effectiveness;

(2) information on any risks or other side effects that are reasonable to expect, and any contraindications to its use. This information must be readily available to all staff administering the medication;

(3) the possible consequences if the medication or treatment is not taken or administered as directed;

(4) instruction on when and to whom to report the following:

(i) if a dose of medication is not administered or treatment is not performed as prescribed, whether by error by the staff or the person or by refusal by the person; and

(ii) the occurrence of possible adverse reactions to the medication or treatment;

(5) notation of any occurrence of a dose of medication not being administered or treatment not performed as prescribed, whether by error by the staff or the person or by refusal by the person, or of adverse reactions, and when and to whom the report was made; and

(6) notation of when a medication or treatment is started, administered, changed, or discontinued.

Sec. 25. Minnesota Statutes 2013 Supplement, section 245D.05, subdivision 4, is amended to read:

Subd. 4. **Reviewing and reporting medication and treatment issues.** (a) When assigned responsibility for medication administration, the license holder must ensure that the information maintained in the medication administration record is current and is regularly reviewed to identify medication administration errors. At a minimum, the review must be conducted every three months, or more frequently as directed in the coordinated service and support plan or coordinated service and support plan addendum or as requested by the person or the person's legal representative. Based on the review, the license holder must develop and implement a plan to correct patterns of medication administration errors when identified.

(b) If assigned responsibility for medication assistance or medication administration, the license holder must report the following to the person's legal representative and case manager as they occur or as otherwise directed in the coordinated service and support plan or the coordinated service and support plan addendum:

- (1) any reports ~~made to the person's physician or prescriber~~ required under subdivision 2, paragraph (c), clause (4);
- (2) a person's refusal or failure to take or receive medication or treatment as prescribed; or
- (3) concerns about a person's self-administration of medication or treatment.

Sec. 26. Minnesota Statutes 2013 Supplement, section 245D.05, subdivision 5, is amended to read:

Subd. 5. **Injectable medications.** Injectable medications may be administered according to a prescriber's order and written instructions when one of the following conditions has been met:

- (1) a registered nurse or licensed practical nurse will administer the ~~subcutaneous or intramuscular~~ injection;
- (2) a supervising registered nurse with a physician's order has delegated the administration of ~~subcutaneous~~ injectable medication to an unlicensed staff member and has provided the necessary training; or
- (3) there is an agreement signed by the license holder, the prescriber, and the person or the person's legal representative specifying what ~~subcutaneous~~ injections may be given, when, how, and that the prescriber must retain responsibility for the license holder's giving the injections. A copy of the agreement must be placed in the person's service recipient record.

Only licensed health professionals are allowed to administer psychotropic medications by injection.

Sec. 27. Minnesota Statutes 2013 Supplement, section 245D.051, is amended to read:

245D.051 PSYCHOTROPIC MEDICATION USE AND MONITORING.

Subdivision 1. **Conditions for psychotropic medication administration.** (a) When a person is prescribed a psychotropic medication and the license holder is assigned responsibility for administration of the medication in the person's coordinated service and support plan or the coordinated service and support plan addendum, the license holder must ensure that the requirements in ~~paragraphs (b) to (d) and~~ section 245D.05, subdivision 2, are met.

~~(b) Use of the medication must be included in the person's coordinated service and support plan or in the coordinated service and support plan addendum and based on a prescriber's current written or electronically recorded prescription.~~

~~(e)~~ (b) The license holder must develop, implement, and maintain the following documentation in the person's coordinated service and support plan addendum according to the requirements in sections 245D.07 and 245D.071:

(1) a description of the target symptoms that the psychotropic medication is to alleviate; and

(2) documentation methods the license holder will use to monitor and measure changes in the target symptoms that are to be alleviated by the psychotropic medication if required by the prescriber. The license holder must collect and report on medication and symptom-related data as instructed by the prescriber. The license holder must provide the monitoring data to the expanded support team for review every three months, or as otherwise requested by the person or the person's legal representative.

For the purposes of this section, "target symptom" refers to any perceptible diagnostic criteria for a person's diagnosed mental disorder, as defined by the Diagnostic and Statistical Manual of Mental Disorders Fourth Edition Text Revision (DSM-IV-TR) or successive editions, that has been identified for alleviation.

Subd. 2. **Refusal to authorize psychotropic medication.** If the person or the person's legal representative refuses to authorize the administration of a psychotropic medication as ordered by the prescriber, the license holder must ~~follow the requirement in section 245D.05, subdivision 2, paragraph (b), clause (2).~~ not administer the medication. The refusal to authorize medication administration must be reported to the prescriber as expeditiously as possible. After reporting the refusal to the prescriber, the license holder must follow any directives or orders given by the prescriber. ~~A court order must be obtained to override the refusal. A refusal may not be overridden without a court order.~~ Refusal to authorize administration of a specific psychotropic medication is not grounds for service termination and does not constitute an emergency. A decision to terminate services must be reached in compliance with section 245D.10, subdivision 3.

Sec. 28. Minnesota Statutes 2013 Supplement, section 245D.06, subdivision 1, is amended to read:

Subdivision 1. **Incident response and reporting.** (a) The license holder must respond to incidents under section 245D.02, subdivision 11, that occur while providing services to protect the health and safety of and minimize risk of harm to the person.

(b) The license holder must maintain information about and report incidents to the person's legal representative or designated emergency contact and case manager within 24 hours of an incident occurring while services are being provided, within 24 hours of discovery or receipt of information that an incident occurred, unless the license holder has reason to know that the incident has already been reported, or as otherwise directed in a person's coordinated service and support plan or coordinated service and support plan addendum. An incident of suspected or alleged maltreatment must be reported as required under paragraph (d), and an incident of serious injury or death must be reported as required under paragraph (e).

(c) When the incident involves more than one person, the license holder must not disclose personally identifiable information about any other person when making the report to each person and case manager unless the license holder has the consent of the person.

(d) Within 24 hours of reporting maltreatment as required under section 626.556 or 626.557, the license holder must inform the case manager of the report unless there is reason to believe that the case manager is involved in the suspected maltreatment. The license holder must disclose the nature of the activity or occurrence reported and the agency that received the report.

(e) The license holder must report the death or serious injury of the person as required in paragraph (b) and to the Department of Human Services Licensing Division, and the Office of Ombudsman for Mental Health and Developmental Disabilities as required under section 245.94, subdivision 2a, within 24 hours of the death, or receipt of information that the death occurred, unless the license holder has reason to know that the death has already been reported.

(f) When a death or serious injury occurs in a facility certified as an intermediate care facility for persons with developmental disabilities, the death or serious injury must be reported to the Department of Health, Office of Health Facility Complaints, and the Office of Ombudsman for Mental Health and Developmental Disabilities, as required under sections 245.91 and 245.94, subdivision 2a, unless the license holder has reason to know that the death has already been reported.

(g) The license holder must conduct an internal review of incident reports of deaths and serious injuries that occurred while services were being provided and that were not reported by the program as alleged or suspected maltreatment, for identification of incident patterns, and implementation of corrective action as necessary to reduce occurrences. The review must include an evaluation of whether related policies and procedures were followed, whether the policies and procedures were adequate, whether there is a need for additional staff training, whether the reported event is similar to past events with the persons or the services involved, and whether there is a need for corrective action by the license holder to protect the health and safety of persons receiving services. Based on the results of this review, the license holder must develop, document, and implement a corrective action plan designed to correct current lapses and prevent future lapses in performance by staff or the license holder, if any.

(h) The license holder must verbally report the emergency use of manual restraint of a person as required in paragraph (b) within 24 hours of the occurrence. The license holder must ensure the written report and internal review of all incident reports of the emergency use of manual restraints are completed according to the requirements in section 245D.061 or successor provisions.

Sec. 29. Minnesota Statutes 2013 Supplement, section 245D.06, subdivision 2, is amended to read:

Subd. 2. **Environment and safety.** The license holder must:

(1) ensure the following when the license holder is the owner, lessor, or tenant of the service site:

(i) the service site is a safe and hazard-free environment;

(ii) that toxic substances or dangerous items are inaccessible to persons served by the program only to protect the safety of a person receiving services when a known safety threat exists and not as a substitute for staff supervision or interactions with a person who is receiving services. If toxic substances or dangerous items are made inaccessible, the license holder must document an assessment of the physical plant, its environment, and its population identifying the risk factors which require toxic substances or dangerous items to be inaccessible and a statement of specific measures to be taken to minimize the safety risk to persons receiving services and to restore accessibility to all persons receiving services at the service site;

(iii) doors are locked from the inside to prevent a person from exiting only when necessary to protect the safety of a person receiving services and not as a substitute for staff supervision or interactions with the person. If doors are locked from the inside, the license holder must document an assessment of the physical plant, the environment and the population served, identifying the risk factors which require the use of locked doors, and a statement of specific measures to be taken to minimize the safety risk to persons receiving services at the service site; and

(iv) a staff person is available at the service site who is trained in basic first aid and, when required in a person's coordinated service and support plan or coordinated service and support plan addendum, cardiopulmonary resuscitation (CPR) whenever persons are present and staff are required to be at the site to provide direct support service. The CPR training must include in-person instruction, hands-on practice, and an observed skills assessment under the direct supervision of a CPR instructor;

(2) maintain equipment, vehicles, supplies, and materials owned or leased by the license holder in good condition when used to provide services;

(3) follow procedures to ensure safe transportation, handling, and transfers of the person and any equipment used by the person, when the license holder is responsible for transportation of a person or a person's equipment;

(4) be prepared for emergencies and follow emergency response procedures to ensure the person's safety in an emergency; and

(5) follow universal precautions and sanitary practices, including hand washing, for infection prevention and control, and to prevent communicable diseases.

Sec. 30. Minnesota Statutes 2013 Supplement, section 245D.06, subdivision 4, is amended to read:

Subd. 4. **Funds and property; legal representative restrictions.** (a) Whenever the license holder assists a person with the safekeeping of funds or other property according to section 245A.04, subdivision 13, the license holder must obtain written authorization to do so from the person or the person's legal representative and the case manager. Authorization must be obtained within five working days of service initiation and renewed annually thereafter. At the time initial authorization is obtained, the license holder must survey, document, and implement the preferences of the person or the person's legal representative and the case manager for frequency of receiving a statement that itemizes receipts and disbursements of funds or other property. The license holder must document changes to these preferences when they are requested.

(b) A license holder or staff person may not accept powers-of-attorney from a person receiving services from the license holder for any purpose. This does not apply to license holders that are Minnesota counties or other units of government or to staff persons employed by license holders who were acting as attorney-in-fact for specific individuals prior to implementation of this chapter. The license holder must maintain documentation of the power-of-attorney in the service recipient record.

(c) A license holder or staff person is restricted from accepting an appointment as a guardian as follows:

(1) under section 524.5-309 of the Uniform Probate Code, any individual or agency that provides residence, custodial care, medical care, employment training, or other care or services for which the individual or agency receives a fee may not be appointed as guardian unless related to the respondent by blood, marriage, or adoption; and

(2) under section 245A.03, subdivision 2, paragraph (a), clause (1), a related individual as defined under section 245A.02, subdivision 13, is excluded from licensure. Services provided by a license holder to a person under the license holder's guardianship are not licensed services.

~~(e)~~ (d) Upon the transfer or death of a person, any funds or other property of the person must be surrendered to the person or the person's legal representative, or given to the executor or administrator of the estate in exchange for an itemized receipt.

Sec. 31. Minnesota Statutes 2013 Supplement, section 245D.06, subdivision 6, is amended to read:

Subd. 6. **Restricted procedures.** (a) The following procedures are allowed when the procedures are implemented in compliance with the standards governing their use as identified in clauses (1) to (3). Allowed but restricted procedures include:

(1) permitted actions and procedures subject to the requirements in subdivision 7;

- (2) procedures identified in a positive support transition plan subject to the requirements in subdivision 8; or
- (3) emergency use of manual restraint subject to the requirements in section 245D.061.

For purposes of this chapter, this section supersedes the requirements identified in Minnesota Rules, part 9525.2740.

(b) A restricted procedure identified in paragraph (a) must not:

(1) be implemented with a child in a manner that constitutes sexual abuse, neglect, physical abuse, or mental injury, as defined in section 626.556, subdivision 2;

(2) be implemented with an adult in a manner that constitutes abuse or neglect as defined in section 626.5572, subdivision 2 or 17;

(3) be implemented in a manner that violates a person's rights identified in section 245D.04;

(4) restrict a person's normal access to a nutritious diet, drinking water, adequate ventilation, necessary medical care, ordinary hygiene facilities, normal sleeping conditions, necessary clothing, or any protection required by state licensing standards or federal regulations governing the program;

(5) deny the person visitation or ordinary contact with legal counsel, a legal representative, or next of kin;

(6) be used for the convenience of staff, as punishment, as a substitute for adequate staffing, or as a consequence if the person refuses to participate in the treatment or services provided by the program;

(7) use prone restraint. For purposes of this section, "prone restraint" means use of manual restraint that places a person in a face-down position. Prone restraint does not include brief physical holding of a person who, during an emergency use of manual restraint, rolls into a prone position, if the person is restored to a standing, sitting, or side-lying position as quickly as possible;

(8) apply back or chest pressure while a person is in a prone position as identified in clause (7), supine position, or side-lying position; or

(9) be implemented in a manner that is contraindicated for any of the person's known medical or psychological limitations.

Sec. 32. Minnesota Statutes 2013 Supplement, section 245D.06, subdivision 7, is amended to read:

Subd. 7. **Permitted actions and procedures.** (a) Use of the instructional techniques and intervention procedures as identified in paragraphs (b) and (c) is permitted when used on an intermittent or continuous basis. When used on a continuous basis, it must be addressed in a person's coordinated service and support plan addendum as identified in sections 245D.07 and 245D.071. For purposes of this chapter, the requirements of this subdivision supersede the requirements identified in Minnesota Rules, part 9525.2720.

(b) Physical contact or instructional techniques must use the least restrictive alternative possible to meet the needs of the person and may be used:

- (1) to calm or comfort a person by holding that person with no resistance from that person;
- (2) to protect a person known to be at risk ~~of~~ of injury due to frequent falls as a result of a medical condition;

(3) to facilitate the person's completion of a task or response when the person does not resist or the person's resistance is minimal in intensity and duration; ~~or~~

(4) to ~~briefly~~ block or redirect a person's limbs or body without holding the person or limiting the person's movement to interrupt the person's behavior that may result in injury to self or others- with less than 60 seconds of physical contact by staff; or

(5) to redirect a person's behavior when the behavior does not pose a serious threat to the person or others and the behavior is effectively redirected with less than 60 seconds of physical contact by staff.

(c) Restraint may be used as an intervention procedure to:

(1) allow a licensed health care professional to safely conduct a medical examination or to provide medical treatment ordered by a licensed health care professional to a person necessary to promote healing or recovery from an acute, meaning short-term, medical condition;

(2) assist in the safe evacuation or redirection of a person in the event of an emergency and the person is at imminent risk of harm; or

~~Any use of manual restraint as allowed in this paragraph must comply with the restrictions identified in section 245D.061, subdivision 3; or~~

(3) position a person with physical disabilities in a manner specified in the person's coordinated service and support plan addendum.

Any use of manual restraint as allowed in this paragraph must comply with the restrictions identified in subdivision 6, paragraph (b).

(d) Use of adaptive aids or equipment, orthotic devices, or other medical equipment ordered by a licensed health professional to treat a diagnosed medical condition do not in and of themselves constitute the use of mechanical restraint.

(e) Use of an auxiliary device to ensure a person does not unfasten a seat belt when being transported in a vehicle in accordance with seat belt use requirements in section 169.686 does not constitute the use of mechanical restraint.

Sec. 33. Minnesota Statutes 2013 Supplement, section 245D.06, subdivision 8, is amended to read:

Subd. 8. **Positive support transition plan.** (a) License holders must develop a positive support transition plan on the forms and in the manner prescribed by the commissioner for a person who requires intervention in order to maintain safety when it is known that the person's behavior poses an immediate risk of physical harm to self or others. The positive support transition plan forms and instructions will supersede the requirements in Minnesota Rules, parts 9525.2750; 9525.2760; and 9525.2780. The positive support transition plan must phase out any existing plans for the emergency or programmatic use of ~~aversive or deprivation procedures~~ restrictive interventions prohibited under this chapter within the following timelines:

(1) for persons receiving services from the license holder before January 1, 2014, the plan must be developed and implemented by February 1, 2014, and phased out no later than December 31, 2014; and

(2) for persons admitted to the program on or after January 1, 2014, the plan must be developed and implemented within 30 calendar days of service initiation and phased out no later than 11 months from the date of plan implementation.

(b) The commissioner has limited authority to grant approval for the emergency use of procedures identified in subdivision 6 that had been part of an approved positive support transition plan when a person is at imminent risk of serious injury as defined in section 245.91, subdivision 6, due to self-injurious behavior and the following conditions are met:

(1) the person's expanded support team approves the emergency use of the procedures; and

(2) the interim review panel established in section 245.8251, subdivision 4, recommends commissioner approval of the emergency use of the procedures.

(c) Written requests for the emergency use of the procedures must be developed and submitted to the commissioner by the designated coordinator with input from the person's expanded support team in accordance with the requirements set by the interim review panel, in addition to the following:

(1) a copy of the person's current positive support transition plan and copies of each positive support transition plan review containing data on the progress of the plan from the previous year;

(2) documentation of a good faith effort to eliminate the use of the procedures that had been part of an approved positive support transition plan;

(3) justification for the continued use of the procedures that identifies the imminent risk of serious injury due to the person's self-injurious behavior if the procedures were eliminated;

(4) documentation of the clinicians consulted in creating and maintaining the positive support transition plan; and

(5) documentation of the expanded support team's approval and the recommendation from the interim panel required under paragraph (b).

(d) A copy of the written request, supporting documentation, and the commissioner's final determination on the request must be maintained in the person's service recipient record.

Sec. 34. Minnesota Statutes 2013 Supplement, section 245D.071, subdivision 3, is amended to read:

Subd. 3. **Assessment and initial service planning.** (a) Within 15 days of service initiation the license holder must complete a preliminary coordinated service and support plan addendum based on the coordinated service and support plan.

~~(b) Within 45 days of service initiation the license holder must meet with the person, the person's legal representative, the case manager, and other members of the support team or expanded support team to assess and determine the following based on the person's coordinated service and support plan and the requirements in subdivision 4 and section 245D.07, subdivision 1a:~~

~~(1) the scope of the services to be provided to support the person's daily needs and activities;~~

~~(2) the person's desired outcomes and the supports necessary to accomplish the person's desired outcomes;~~

~~(3) the person's preferences for how services and supports are provided;~~

~~(4) whether the current service setting is the most integrated setting available and appropriate for the person; and~~

~~(5) how services must be coordinated across other providers licensed under this chapter serving the same person to ensure continuity of care for the person.~~

~~(e) Within the scope of services, the license holder must, at a minimum, assess the following areas:~~

~~(1) the person's ability to self-manage health and medical needs to maintain or improve physical, mental, and emotional well-being, including, when applicable, allergies, seizures, choking, special dietary needs, chronic medical conditions, self-administration of medication or treatment orders, preventative screening, and medical and dental appointments;~~

~~(2) the person's ability to self-manage personal safety to avoid injury or accident in the service setting, including, when applicable, risk of falling, mobility, regulating water temperature, community survival skills, water safety skills, and sensory disabilities; and~~

~~(3) the person's ability to self-manage symptoms or behavior that may otherwise result in an incident as defined in section 245D.02, subdivision 11, clauses (4) to (7), suspension or termination of services by the license holder, or other symptoms or behaviors that may jeopardize the health and safety of the person or others. The assessments must produce information about the person that is descriptive of the person's overall strengths, functional skills and abilities, and behaviors or symptoms.~~

~~(b) Within the scope of services, the license holder must, at a minimum, complete assessments in the following areas before the 45-day planning meeting:~~

~~(1) the person's ability to self-manage health and medical needs to maintain or improve physical, mental, and emotional well-being, including, when applicable, allergies, seizures, choking, special dietary needs, chronic medical conditions, self-administration of medication or treatment orders, preventative screening, and medical and dental appointments;~~

~~(2) the person's ability to self-manage personal safety to avoid injury or accident in the service setting, including, when applicable, risk of falling, mobility, regulating water temperature, community survival skills, water safety skills, and sensory disabilities; and~~

~~(3) the person's ability to self-manage symptoms or behavior that may otherwise result in an incident as defined in section 245D.02, subdivision 11, clauses (4) to (7), suspension or termination of services by the license holder, or other symptoms or behaviors that may jeopardize the health and safety of the person or others.~~

Assessments must produce information about the person that describes the person's overall strengths, functional skills and abilities, and behaviors or symptoms. Assessments must be based on the person's status within the last 12 months at the time of service initiation. Assessments based on older information must be documented and justified. Assessments must be conducted annually at a minimum or within 30 days of a written request from the person or the person's legal representative or case manager. The results must be reviewed by the support team or expanded support team as part of a service plan review.

(c) Within 45 days of service initiation, the license holder must meet with the person, the person's legal representative, the case manager, and other members of the support team or expanded support team to determine the following based on information obtained from the assessments identified in paragraph (b), the person's identified needs in the coordinated service and support plan, and the requirements in subdivision 4 and section 245D.07, subdivision 1a:

- (1) the scope of the services to be provided to support the person's daily needs and activities;
- (2) the person's desired outcomes and the supports necessary to accomplish the person's desired outcomes;
- (3) the person's preferences for how services and supports are provided;
- (4) whether the current service setting is the most integrated setting available and appropriate for the person; and
- (5) how services must be coordinated across other providers licensed under this chapter serving the person and members of the support team or expanded support team to ensure continuity of care and coordination of services for the person.

Sec. 35. Minnesota Statutes 2013 Supplement, section 245D.071, subdivision 4, is amended to read:

Subd. 4. **Service outcomes and supports.** (a) Within ten working days of the 45-day planning meeting, the license holder must develop ~~and document~~ a service plan that documents the service outcomes and supports based on the assessments completed under subdivision 3 and the requirements in section 245D.07, subdivision 1a. The outcomes and supports must be included in the coordinated service and support plan addendum.

(b) The license holder must document the supports and methods to be implemented to support the ~~accomplishment of person and~~ accomplish outcomes related to acquiring, retaining, or improving skills and physical, mental, and emotional health and well-being. The documentation must include:

(1) the methods or actions that will be used to support the person and to accomplish the service outcomes, including information about:

(i) any changes or modifications to the physical and social environments necessary when the service supports are provided;

(ii) any equipment and materials required; and

(iii) techniques that are consistent with the person's communication mode and learning style;

(2) the measurable and observable criteria for identifying when the desired outcome has been achieved and how data will be collected;

(3) the projected starting date for implementing the supports and methods and the date by which progress towards accomplishing the outcomes will be reviewed and evaluated; and

(4) the names of the staff or position responsible for implementing the supports and methods.

(c) Within 20 working days of the 45-day meeting, the license holder must obtain dated signatures from the person or the person's legal representative and case manager to document completion and approval of the assessment and coordinated service and support plan addendum.

Sec. 36. Minnesota Statutes 2013 Supplement, section 245D.071, subdivision 5, is amended to read:

Subd. 5. ~~Progress reviews~~ **Service plan review and evaluation.** (a) The license holder must give the person or the person's legal representative and case manager an opportunity to participate in the ongoing review and development of the service plan and the methods used to support the person and accomplish outcomes identified in subdivisions 3 and 4. The license holder, in coordination with the person's support team or expanded support team,

must meet with the person, the person's legal representative, and the case manager, and participate in ~~progress~~ service plan review meetings following stated timelines established in the person's coordinated service and support plan or coordinated service and support plan addendum or within 30 days of a written request by the person, the person's legal representative, or the case manager, at a minimum of once per year. The purpose of the service plan review is to determine whether changes are needed to the service plan based on the assessment information, the license holder's evaluation of progress towards accomplishing outcomes, or other information provided by the support team or expanded support team.

(b) The license holder must summarize the person's status and progress toward achieving the identified outcomes and make recommendations and identify the rationale for changing, continuing, or discontinuing implementation of supports and methods identified in subdivision 4 in a written report sent to the person or the person's legal representative and case manager five working days prior to the review meeting, unless the person, the person's legal representative, or the case manager requests to receive the report at the time of the meeting.

(c) Within ten working days of the progress review meeting, the license holder must obtain dated signatures from the person or the person's legal representative and the case manager to document approval of any changes to the coordinated service and support plan addendum.

Sec. 37. Minnesota Statutes 2013 Supplement, section 245D.081, subdivision 2, is amended to read:

Subd. 2. **Coordination and evaluation of individual service delivery.** (a) Delivery and evaluation of services provided by the license holder must be coordinated by a designated staff person. The designated coordinator must provide supervision, support, and evaluation of activities that include:

(1) oversight of the license holder's responsibilities assigned in the person's coordinated service and support plan and the coordinated service and support plan addendum;

(2) taking the action necessary to facilitate the accomplishment of the outcomes according to the requirements in section 245D.07;

(3) instruction and assistance to direct support staff implementing the coordinated service and support plan and the service outcomes, including direct observation of service delivery sufficient to assess staff competency; and

(4) evaluation of the effectiveness of service delivery, methodologies, and progress on the person's outcomes based on the measurable and observable criteria for identifying when the desired outcome has been achieved according to the requirements in section 245D.07.

(b) The license holder must ensure that the designated coordinator is competent to perform the required duties identified in paragraph (a) through education ~~and~~ training in human services and disability related fields, and work experience ~~in providing direct care services and supports to persons with disabilities relevant to the needs of the general population of persons served by the license holder and the individual persons for whom the designated coordinator is responsible.~~ The designated coordinator must have the skills and ability necessary to develop effective plans and to design and use data systems to measure effectiveness of services and supports. The license holder must verify and document competence according to the requirements in section 245D.09, subdivision 3. The designated coordinator must minimally have:

(1) a baccalaureate degree in a field related to human services, and one year of full-time work experience providing direct care services to persons with disabilities or persons age 65 and older;

(2) an associate degree in a field related to human services, and two years of full-time work experience providing direct care services to persons with disabilities or persons age 65 and older;

(3) a diploma in a field related to human services from an accredited postsecondary institution and three years of full-time work experience providing direct care services to persons with disabilities or persons age 65 and older; or

(4) a minimum of 50 hours of education and training related to human services and disabilities; and

(5) four years of full-time work experience providing direct care services to persons with disabilities or persons age 65 and older under the supervision of a staff person who meets the qualifications identified in clauses (1) to (3).

Sec. 38. Minnesota Statutes 2013 Supplement, section 245D.09, subdivision 3, is amended to read:

Subd. 3. **Staff qualifications.** (a) The license holder must ensure that staff providing direct support, or staff who have responsibilities related to supervising or managing the provision of direct support service, are competent as demonstrated through skills and knowledge training, experience, and education to meet the person's needs and additional requirements as written in the coordinated service and support plan or coordinated service and support plan addendum, or when otherwise required by the case manager or the federal waiver plan. The license holder must verify and maintain evidence of staff competency, including documentation of:

(1) education and experience qualifications relevant to the job responsibilities assigned to the staff and to the needs of the general population of persons served by the program, including a valid degree and transcript, or a current license, registration, or certification, when a degree or licensure, registration, or certification is required by this chapter or in the coordinated service and support plan or coordinated service and support plan addendum;

(2) demonstrated competency in the orientation and training areas required under this chapter, and when applicable, completion of continuing education required to maintain professional licensure, registration, or certification requirements. Competency in these areas is determined by the license holder through knowledge testing ~~and~~ or observed skill assessment conducted by the trainer or instructor; and

(3) except for a license holder who is the sole direct support staff, periodic performance evaluations completed by the license holder of the direct support staff person's ability to perform the job functions based on direct observation.

(b) Staff under 18 years of age may not perform overnight duties or administer medication.

Sec. 39. Minnesota Statutes 2013 Supplement, section 245D.09, subdivision 4a, is amended to read:

Subd. 4a. **Orientation to individual service recipient needs.** (a) Before having unsupervised direct contact with a person served by the program, or for whom the staff person has not previously provided direct support, or any time the plans or procedures identified in paragraphs (b) to ~~(f)~~ (g) are revised, the staff person must review and receive instruction on the requirements in paragraphs (b) to ~~(f)~~ (g) as they relate to the staff person's job functions for that person.

(b) Training and competency evaluations must include the following:

(1) appropriate and safe techniques in personal hygiene and grooming, including hair care; bathing; care of teeth, gums, and oral prosthetic devices; and other activities of daily living (ADLs) as defined under section 256B.0659, subdivision 1;

(2) an understanding of what constitutes a healthy diet according to data from the Centers for Disease Control and Prevention and the skills necessary to prepare that diet;

(3) skills necessary to provide appropriate support in instrumental activities of daily living (IADLs) as defined under section 256B.0659, subdivision 1; and

(4) demonstrated competence in providing first aid.

(c) The staff person must review and receive instruction on the person's coordinated service and support plan or coordinated service and support plan addendum as it relates to the responsibilities assigned to the license holder, and when applicable, the person's individual abuse prevention plan, to achieve and demonstrate an understanding of the person as a unique individual, and how to implement those plans.

(d) The staff person must review and receive instruction on medication setup, assistance, or administration procedures established for the person when ~~medication administration~~ is assigned to the license holder according to section 245D.05, subdivision 1, paragraph (b). Unlicensed staff may ~~administer medications~~ perform medication setup or medication administration only after successful completion of a medication setup or medication administration training, from a training curriculum developed by a registered nurse, ~~clinical nurse specialist in psychiatric and mental health nursing, certified nurse practitioner, physician's assistant, or physician~~ or appropriate licensed health professional. The training curriculum must incorporate an observed skill assessment conducted by the trainer to ensure unlicensed staff demonstrate the ability to safely and correctly follow medication procedures.

Medication administration must be taught by a registered nurse, clinical nurse specialist, certified nurse practitioner, physician's assistant, or physician if, at the time of service initiation or any time thereafter, the person has or develops a health care condition that affects the service options available to the person because the condition requires:

(1) specialized or intensive medical or nursing supervision; and

(2) nonmedical service providers to adapt their services to accommodate the health and safety needs of the person.

(e) The staff person must review and receive instruction on the safe and correct operation of medical equipment used by the person to sustain life, including but not limited to ventilators, feeding tubes, or endotracheal tubes. The training must be provided by a licensed health care professional or a manufacturer's representative and incorporate an observed skill assessment to ensure staff demonstrate the ability to safely and correctly operate the equipment according to the treatment orders and the manufacturer's instructions.

(f) The staff person must review and receive instruction on what constitutes use of restraints, time out, and seclusion, including chemical restraint, and staff responsibilities related to the prohibitions of their use according to the requirements in section 245D.06, subdivision 5 or successor provisions, why such procedures are not effective for reducing or eliminating symptoms or undesired behavior and why they are not safe, and the safe and correct use of manual restraint on an emergency basis according to the requirements in section 245D.061 or successor provisions.

(g) The staff person must review and receive instruction on mental health crisis response, de-escalation techniques, and suicide intervention when providing direct support to a person with a serious mental illness.

~~(g)~~ (h) In the event of an emergency service initiation, the license holder must ensure the training required in this subdivision occurs within 72 hours of the direct support staff person first having unsupervised contact with the person receiving services. The license holder must document the reason for the unplanned or emergency service initiation and maintain the documentation in the person's service recipient record.

~~(h)~~ (i) License holders who provide direct support services themselves must complete the orientation required in subdivision 4, clauses (3) to (7).

Sec. 40. Minnesota Statutes 2013 Supplement, section 245D.091, subdivision 2, is amended to read:

Subd. 2. **Behavior professional qualifications.** A behavior professional providing behavioral support services as identified in section 245D.03, subdivision 1, paragraph (c), clause (1), item (i), as defined in the brain injury and community alternatives for disabled individuals waiver plans or successor plans, must have competencies in the following areas related to as required under the brain injury and community alternatives for disabled individuals waiver plans or successor plans:

- (1) ethical considerations;
- (2) functional assessment;
- (3) functional analysis;
- (4) measurement of behavior and interpretation of data;
- (5) selecting intervention outcomes and strategies;
- (6) behavior reduction and elimination strategies that promote least restrictive approved alternatives;
- (7) data collection;
- (8) staff and caregiver training;
- (9) support plan monitoring;
- (10) co-occurring mental disorders or neurocognitive disorder;
- (11) demonstrated expertise with populations being served; and
- (12) must be a:

(i) psychologist licensed under sections 148.88 to 148.98, who has stated to the Board of Psychology competencies in the above identified areas;

(ii) clinical social worker licensed as an independent clinical social worker under chapter 148D, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the areas identified in clauses (1) to (11);

(iii) physician licensed under chapter 147 and certified by the American Board of Psychiatry and Neurology or eligible for board certification in psychiatry with competencies in the areas identified in clauses (1) to (11);

(iv) licensed professional clinical counselor licensed under sections 148B.29 to 148B.39 with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services who has demonstrated competencies in the areas identified in clauses (1) to (11);

(v) person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services with demonstrated competencies in the areas identified in clauses (1) to (11); or

(vi) registered nurse who is licensed under sections 148.171 to 148.285, and who is certified as a clinical specialist or as a nurse practitioner in adult or family psychiatric and mental health nursing by a national nurse certification organization, or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services.

Sec. 41. Minnesota Statutes 2013 Supplement, section 245D.091, subdivision 3, is amended to read:

Subd. 3. **Behavior analyst qualifications.** (a) A behavior analyst providing behavioral support services as identified in section 245D.03, subdivision 1, paragraph (c), clause (1), item (i), as defined in the brain injury and community alternatives for disabled individuals waiver plans or successor plans, must have competencies in the following areas as required under the brain injury and community alternatives for disabled individuals waiver plans or successor plans:

- (1) have obtained a baccalaureate degree, master's degree, or PhD in a social services discipline; or
- (2) meet the qualifications of a mental health practitioner as defined in section 245.462, subdivision 17.

(b) In addition, a behavior analyst must:

(1) have four years of supervised experience working with individuals who exhibit challenging behaviors as well as co-occurring mental disorders or neurocognitive disorder;

(2) have received ten hours of instruction in functional assessment and functional analysis;

(3) have received 20 hours of instruction in the understanding of the function of behavior;

(4) have received ten hours of instruction on design of positive practices behavior support strategies;

(5) have received 20 hours of instruction on the use of behavior reduction approved strategies used only in combination with behavior positive practices strategies;

(6) be determined by a behavior professional to have the training and prerequisite skills required to provide positive practice strategies as well as behavior reduction approved and permitted intervention to the person who receives behavioral support; and

(7) be under the direct supervision of a behavior professional.

Sec. 42. Minnesota Statutes 2013 Supplement, section 245D.091, subdivision 4, is amended to read:

Subd. 4. **Behavior specialist qualifications.** (a) A behavior specialist providing behavioral support services as identified in section 245D.03, subdivision 1, paragraph (c), clause (1), item (i), as defined in the brain injury and community alternatives for disabled individuals waiver plans or successor plans, must meet the following qualifications have competencies in the following areas as required under the brain injury and community alternatives for disabled individuals waiver plans or successor plans:

(1) have an associate's degree in a social services discipline; or

(2) have two years of supervised experience working with individuals who exhibit challenging behaviors as well as co-occurring mental disorders or neurocognitive disorder.

(b) In addition, a behavior specialist must:

(1) have received a minimum of four hours of training in functional assessment;

(2) have received 20 hours of instruction in the understanding of the function of behavior;

(3) have received ten hours of instruction on design of positive practices behavioral support strategies;

(4) be determined by a behavior professional to have the training and prerequisite skills required to provide positive practices strategies as well as behavior reduction approved intervention to the person who receives behavioral support; and

(5) be under the direct supervision of a behavior professional.

Sec. 43. Minnesota Statutes 2013 Supplement, section 245D.10, subdivision 3, is amended to read:

Subd. 3. **Service suspension and service termination.** (a) The license holder must establish policies and procedures for temporary service suspension and service termination that promote continuity of care and service coordination with the person and the case manager and with other licensed caregivers, if any, who also provide support to the person.

(b) The policy must include the following requirements:

(1) the license holder must notify the person or the person's legal representative and case manager in writing of the intended termination or temporary service suspension, and the person's right to seek a temporary order staying the termination of service according to the procedures in section 256.045, subdivision 4a, or 6, paragraph (c);

(2) notice of the proposed termination of services, including those situations that began with a temporary service suspension, must be given at least 60 days before the proposed termination is to become effective when a license holder is providing intensive supports and services identified in section 245D.03, subdivision 1, paragraph (c), and 30 days prior to termination for all other services licensed under this chapter. This notice may be given in conjunction with a notice of temporary service suspension;

(3) notice of temporary service suspension must be given on the first day of the service suspension;

~~(3)~~ (4) the license holder must provide information requested by the person or case manager when services are temporarily suspended or upon notice of termination;

~~(4)~~ (5) prior to giving notice of service termination or temporary service suspension, the license holder must document actions taken to minimize or eliminate the need for service suspension or termination;

~~(5)~~ (6) during the temporary service suspension or service termination notice period, the license holder ~~will~~ must work with the ~~appropriate county agency support team or expanded support team~~ appropriate county agency support team to develop reasonable alternatives to protect the person and others;

~~(6)~~ (7) the license holder must maintain information about the service suspension or termination, including the written termination notice, in the service recipient record; and

~~(7)~~ (8) the license holder must restrict temporary service suspension to situations in which the person's conduct poses an imminent risk of physical harm to self or others and less restrictive or positive support strategies would not achieve and maintain safety.

Sec. 44. Minnesota Statutes 2013 Supplement, section 245D.10, subdivision 4, is amended to read:

Subd. 4. **Availability of current written policies and procedures.** (a) The license holder must review and update, as needed, the written policies and procedures required under this chapter.

(b) (1) The license holder must inform the person and case manager of the policies and procedures affecting a person's rights under section 245D.04, and provide copies of those policies and procedures, within five working days of service initiation.

(2) If a license holder only provides basic services and supports, this includes the:

(i) grievance policy and procedure required under subdivision 2; and

(ii) service suspension and termination policy and procedure required under subdivision 3.

(3) For all other license holders this includes the:

(i) policies and procedures in clause (2);

(ii) emergency use of manual restraints policy and procedure required under section 245D.061, subdivision 10, or successor provisions; and

(iii) data privacy requirements under section 245D.11, subdivision 3.

(c) The license holder must provide a written notice to all persons or their legal representatives and case managers at least 30 days before implementing any procedural revisions to policies affecting a person's service-related or protection-related rights under section 245D.04 and maltreatment reporting policies and procedures. The notice must explain the revision that was made and include a copy of the revised policy and procedure. The license holder must document the reasonable cause for not providing the notice at least 30 days before implementing the revisions.

(d) Before implementing revisions to required policies and procedures, the license holder must inform all employees of the revisions and provide training on implementation of the revised policies and procedures.

(e) The license holder must annually notify all persons, or their legal representatives, and case managers of any procedural revisions to policies required under this chapter, other than those in paragraph (c). Upon request, the license holder must provide the person, or the person's legal representative, and case manager with copies of the revised policies and procedures.

Sec. 45. Minnesota Statutes 2013 Supplement, section 245D.11, subdivision 2, is amended to read:

Subd. 2. **Health and safety.** The license holder must establish policies and procedures that promote health and safety by ensuring:

(1) use of universal precautions and sanitary practices in compliance with section 245D.06, subdivision 2, clause (5);

(2) if the license holder operates a residential program, health service coordination and care according to the requirements in section 245D.05, subdivision 1;

(3) safe medication assistance and administration according to the requirements in sections 245D.05, subdivisions 1a, 2, and 5, and 245D.051, that are established in consultation with a registered nurse, nurse practitioner, physician's assistant, or medical doctor and require completion of medication administration training according to the requirements in section 245D.09, subdivision 4a, paragraph (d). Medication assistance and administration includes, but is not limited to:

- (i) providing medication-related services for a person;
 - (ii) medication setup;
 - (iii) medication administration;
 - (iv) medication storage and security;
 - (v) medication documentation and charting;
 - (vi) verification and monitoring of effectiveness of systems to ensure safe medication handling and administration;
 - (vii) coordination of medication refills;
 - (viii) handling changes to prescriptions and implementation of those changes;
 - (ix) communicating with the pharmacy; and
 - (x) coordination and communication with prescriber;
- (4) safe transportation, when the license holder is responsible for transportation of persons, with provisions for handling emergency situations according to the requirements in section 245D.06, subdivision 2, clauses (2) to (4);
- (5) a plan for ensuring the safety of persons served by the program in emergencies as defined in section 245D.02, subdivision 8, and procedures for staff to report emergencies to the license holder. A license holder with a community residential setting or a day service facility license must ensure the policy and procedures comply with the requirements in section 245D.22, subdivision 4;
- (6) a plan for responding to all incidents as defined in section 245D.02, subdivision 11; and reporting all incidents required to be reported according to section 245D.06, subdivision 1. The plan must:
- (i) provide the contact information of a source of emergency medical care and transportation; and
 - (ii) require staff to first call 911 when the staff believes a medical emergency may be life threatening, or to call the mental health crisis intervention team or similar mental health response team or service when such a team is available and appropriate when the person is experiencing a mental health crisis; and
- (7) a procedure for the review of incidents and emergencies to identify trends or patterns, and corrective action if needed. The license holder must establish and maintain a record-keeping system for the incident and emergency reports. Each incident and emergency report file must contain a written summary of the incident. The license holder must conduct a review of incident reports for identification of incident patterns, and implementation of corrective action as necessary to reduce occurrences. Each incident report must include:
- (i) the name of the person or persons involved in the incident. It is not necessary to identify all persons affected by or involved in an emergency unless the emergency resulted in an incident;
 - (ii) the date, time, and location of the incident or emergency;
 - (iii) a description of the incident or emergency;

(iv) a description of the response to the incident or emergency and whether a person's coordinated service and support plan addendum or program policies and procedures were implemented as applicable;

(v) the name of the staff person or persons who responded to the incident or emergency; and

(vi) the determination of whether corrective action is necessary based on the results of the review.

Sec. 46. Minnesota Statutes 2012, section 252.451, subdivision 2, is amended to read:

Subd. 2. **Vendor participation and reimbursement.** Notwithstanding requirements in ~~chapter~~ chapters 245A and 245D, and sections 252.28, 252.40 to 252.46, and 256B.501, vendors of day training and habilitation services may enter into written agreements with qualified businesses to provide additional training and supervision needed by individuals to maintain their employment.

Sec. 47. Minnesota Statutes 2012, section 256.9752, subdivision 2, is amended to read:

Subd. 2. **Authority.** The Minnesota Board on Aging shall allocate to area agencies on aging the state and federal funds which are received for the senior nutrition programs of congregate dining and home-delivered meals in a manner consistent with federal requirements.

Sec. 48. Minnesota Statutes 2013 Supplement, section 256B.0949, subdivision 4, is amended to read:

Subd. 4. **Diagnosis.** (a) A diagnosis must:

(1) be based upon current DSM criteria including direct observations of the child and reports from parents or primary caregivers; and

(2) be completed by ~~both~~ either (i) a licensed physician or advanced practice registered nurse ~~and~~ or (ii) a mental health professional.

(b) Additional diagnostic assessment information may be considered including from special education evaluations and licensed school personnel, and from professionals licensed in the fields of medicine, speech and language, psychology, occupational therapy, and physical therapy.

~~(c) If the commissioner determines there are access problems or delays in diagnosis for a geographic area due to the lack of qualified professionals, the commissioner shall waive the requirement in paragraph (a), clause (2), for two professionals and allow a diagnosis to be made by one professional for that geographic area. This exception must be limited to a specific period of time until, with stakeholder input as described in subdivision 8, there is a determination of an adequate number of professionals available to require two professionals for each diagnosis.~~

Sec. 49. Minnesota Statutes 2013 Supplement, section 256B.439, subdivision 1, is amended to read:

Subdivision 1. **Development and implementation of quality profiles.** (a) The commissioner of human services, in cooperation with the commissioner of health, shall develop and implement quality profiles for nursing facilities and, beginning not later than July 1, 2014, for home and community-based services providers, except when the quality profile system would duplicate requirements under section 256B.5011, 256B.5012, or 256B.5013. For purposes of this section, home and community-based services providers are defined as providers of home and community-based services under sections ~~256B.0625, subdivisions 6a, 7, and 19a; 256B.0913; 256B.0915; 256B.092, and; 256B.49; and 256B.85,~~ and intermediate care facilities for persons with developmental disabilities providers under section 256B.5013. To the extent possible, quality profiles must be developed for providers of services to older adults and people with disabilities, regardless of payor source, for the purposes of providing

information to consumers. The quality profiles must be developed using existing data sets maintained by the commissioners of health and human services to the extent possible. The profiles must incorporate or be coordinated with information on quality maintained by area agencies on aging, long-term care trade associations, the ombudsman offices, counties, tribes, health plans, and other entities and the long-term care database maintained under section 256.975, subdivision 7. The profiles must be designed to provide information on quality to:

- (1) consumers and their families to facilitate informed choices of service providers;
 - (2) providers to enable them to measure the results of their quality improvement efforts and compare quality achievements with other service providers; and
 - (3) public and private purchasers of long-term care services to enable them to purchase high-quality care.
- (b) The profiles must be developed in consultation with the long-term care task force, area agencies on aging, and representatives of consumers, providers, and labor unions. Within the limits of available appropriations, the commissioners may employ consultants to assist with this project.

EFFECTIVE DATE. This section is effective retroactively from February 1, 2014.

Sec. 50. Minnesota Statutes 2013 Supplement, section 256B.439, subdivision 7, is amended to read:

Subd. 7. **Calculation of home and community-based services quality add-on.** ~~Effective On~~ On July 1, 2015, the commissioner shall determine the quality add-on rate change and adjust payment rates for participating ~~all~~ home and community-based services providers for services rendered on or after that date. The adjustment to a provider payment rate determined under this subdivision shall become part of the ongoing rate paid to that provider. The payment rate for the quality add-on shall be a variable amount based on each provider's quality score as determined in subdivisions 1 and 2a. All home and community-based services providers shall receive a minimum rate increase under this subdivision. In addition to a minimum rate increase, a home and community-based services provider shall receive a quality add-on payment. The commissioner shall limit the types of home and community-based services providers that may receive the quality add-on ~~and based on availability of quality measures and outcome data.~~ The commissioner shall limit the amount of the minimum rate increase and quality add-on payments to ~~operate the quality add-on within funds appropriated for this purpose and based on the availability of the quality measures~~ the equivalent of a one percent rate increase for all home and community-based services providers.

Sec. 51. Minnesota Statutes 2013 Supplement, section 256B.441, subdivision 53, is amended to read:

Subd. 53. **Calculation of payment rate for external fixed costs.** The commissioner shall calculate a payment rate for external fixed costs.

(a) For a facility licensed as a nursing home, the portion related to section 256.9657 shall be equal to \$8.86. For a facility licensed as both a nursing home and a boarding care home, the portion related to section 256.9657 shall be equal to \$8.86 multiplied by the result of its number of nursing home beds divided by its total number of licensed beds.

(b) The portion related to the licensure fee under section 144.122, paragraph (d), shall be the amount of the fee divided by actual resident days.

(c) The portion related to scholarships shall be determined under section 256B.431, subdivision 36.

(d) Until September 30, 2013, the portion related to long-term care consultation shall be determined according to section 256B.0911, subdivision 6.

(e) The portion related to development and education of resident and family advisory councils under section 144A.33 shall be \$5 divided by 365.

(f) The portion related to planned closure rate adjustments shall be as determined under section 256B.437, subdivision 6, and Minnesota Statutes 2010, section 256B.436. Planned closure rate adjustments that take effect before October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning October 1, 2016. Planned closure rate adjustments that take effect on or after October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning on October 1 of the first year not less than two years after their effective date.

(g) The portions related to property insurance, real estate taxes, special assessments, and payments made in lieu of real estate taxes directly identified or allocated to the nursing facility shall be the actual amounts divided by actual resident days.

(h) The portion related to the Public Employees Retirement Association shall be actual costs divided by resident days.

(i) The single bed room incentives shall be as determined under section 256B.431, subdivision 42. Single bed room incentives that take effect before October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning October 1, 2016. Single bed room incentives that take effect on or after October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning on October 1 of the first year not less than two years after their effective date.

(j) The portion related to the rate adjustment as provided in subdivision 64.

(k) The payment rate for external fixed costs shall be the sum of the amounts in paragraphs (a) to ~~(j)~~ (j).

Sec. 52. Minnesota Statutes 2012, section 256B.441, is amended by adding a subdivision to read:

Subd. 64. **Rate adjustment for compensation-related costs.** (a) Total payment rates of all nursing facilities that are reimbursed under this section or section 256B.434 shall be increased effective October 1, 2014, to address compensation costs for nursing facility employees paid less than \$14.00 per hour.

(b) Based on the application in paragraph (d), the commissioner shall calculate the annualized compensation costs by adding the totals of clauses (1), (2), and (3). The result must be divided by the resident days from the most recently available cost report to determine a per diem amount, which must be included in the external fixed cost portion of the total payment rate under subdivision 53:

(1) the sum of the difference between \$9.50 and any hourly wage rate of less than \$9.50, multiplied by the number of compensated hours at that wage rate;

(2) the sum of items (i) to (viii):

(i) for all compensated hours from \$8.00 to \$8.49 per hour, the number of compensated hours is multiplied by \$0.13;

(ii) for all compensated hours from \$8.50 to \$8.99 per hour, the number of compensated hours is multiplied by \$0.25;

(iii) for all compensated hours from \$9.00 to \$9.49 per hour, the number of compensated hours is multiplied by \$0.38;

(iv) for all compensated hours from \$9.50 to \$10.49 per hour, the number of compensated hours is multiplied by \$0.50;

(v) for all compensated hours from \$10.50 to \$10.99 per hour, the number of compensated hours is multiplied by \$0.40;

(vi) for all compensated hours from \$11.00 to \$11.49 per hour, the number of compensated hours is multiplied by \$0.30;

(vii) for all compensated hours from \$11.50 to \$11.99 per hour, the number of compensated hours is multiplied by \$0.20; and

(viii) for all compensated hours from \$12.00 to \$13.00 per hour, the number of compensated hours is multiplied by \$0.10; and

(3) the sum of the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, pensions, and contributions to employee retirement accounts attributable to the amounts in clauses (1) and (2).

(c) For the rate year beginning October 1, 2014, nursing facilities that receive approval of the application in paragraph (d) must receive a rate adjustment according to paragraph (b). The rate adjustment must be used to pay compensation costs for nursing facility employees paid less than \$14.00 per hour. The rate adjustment must continue to be included in the total payment rate in subsequent years.

(d) To receive a rate adjustment, nursing facilities must submit an application to the commissioner in a form and manner determined by the commissioner. The application shall include data for a period beginning with the first pay period after January 1, 2014, including at least three months of employee compensated hours by wage rate, and a spending plan that describes how the funds from the rate adjustment will be allocated for compensation to employees paid less than \$14.00 per hour. The application must be submitted by December 31, 2014. The commissioner may request any additional information needed to determine the rate adjustment within three weeks of receiving a complete application. The nursing facility must provide any additional information requested by the commissioner by March 31, 2015. The commissioner may waive the deadlines in this subdivision under extraordinary circumstances.

(e) For nursing facilities in which employees are represented by an exclusive bargaining representative, the commissioner shall approve the application submitted under this subdivision only upon receipt of a letter of acceptance of the spending plan in regard to members of the bargaining unit, signed by the exclusive bargaining agent and dated after May 31, 2014. Upon receipt of the letter of acceptance, the commissioner shall deem all requirements of this subdivision as having been met in regard to the members of the bargaining unit.

Sec. 53. Minnesota Statutes 2013 Supplement, section 256B.4912, subdivision 1, is amended to read:

Subdivision 1. **Provider qualifications.** (a) For the home and community-based waivers providing services to seniors and individuals with disabilities under sections 256B.0913, 256B.0915, 256B.092, and 256B.49, the commissioner shall establish:

(1) agreements with enrolled waiver service providers to ensure providers meet Minnesota health care program requirements;

(2) regular reviews of provider qualifications, and including requests of proof of documentation; and

(3) processes to gather the necessary information to determine provider qualifications.

(b) Beginning July 1, 2012, staff that provide direct contact, as defined in section 245C.02, subdivision 11, for services specified in the federally approved waiver plans must meet the requirements of chapter 245C prior to providing waiver services and as part of ongoing enrollment. Upon federal approval, this requirement must also apply to consumer-directed community supports.

(c) Beginning January 1, 2014, service owners and managerial officials overseeing the management or policies of services that provide direct contact as specified in the federally approved waiver plans must meet the requirements of chapter 245C prior to reenrollment or revalidation or, for new providers, prior to initial enrollment if they have not already done so as a part of service licensure requirements.

Sec. 54. Minnesota Statutes 2013 Supplement, section 256B.492, is amended to read:

256B.492 HOME AND COMMUNITY-BASED SETTINGS FOR PEOPLE WITH DISABILITIES.

Subdivision 1. Home and community-based waivers. (a) Individuals receiving services under a home and community-based waiver under section 256B.092 or 256B.49 may receive services in the following settings:

(1) an individual's own home or family home;

(2) a licensed adult foster care or child foster care setting of up to five people; and

(3) community living settings as defined in section 256B.49, subdivision 23, where individuals with disabilities who are receiving services under a home and community-based waiver may reside in all of the units in a building of four or fewer units, and no more than the greater of four or 25 percent of the units in a multifamily building of more than four units, unless required by the Housing Opportunities for Persons with AIDS Program.

(b) The settings in paragraph (a) must not:

(1) be located in a building that is a publicly or privately operated facility that provides institutional treatment or custodial care;

(2) be located in a building on the grounds of or adjacent to a public or private institution;

(3) be a housing complex designed expressly around an individual's diagnosis or disability, unless required by the Housing Opportunities for Persons with AIDS Program;

(4) be segregated based on a disability, either physically or because of setting characteristics, from the larger community; and

(5) have the qualities of an institution which include, but are not limited to: regimented meal and sleep times, limitations on visitors, and lack of privacy. Restrictions agreed to and documented in the person's individual service plan shall not result in a residence having the qualities of an institution as long as the restrictions for the person are not imposed upon others in the same residence and are the least restrictive alternative, imposed for the shortest possible time to meet the person's needs.

(c) The provisions of paragraphs (a) and (b) do not apply to any setting in which individuals receive services under a home and community-based waiver as of July 1, 2012, and the setting does not meet the criteria of this section.

(d) Notwithstanding paragraph (c), a program in Hennepin County established as part of a Hennepin County demonstration project is qualified for the exception allowed under paragraph (c).

(e) The commissioner shall submit an amendment to the waiver plan no later than December 31, 2012.

Subd. 2. **Exceptions for home and community-based waiver housing programs.** (a) Beginning no later than January 2015, based on the consultation with interested stakeholders as specified in subdivision 3, the commissioner shall accept and process applications for exceptions to subdivision 1 based on the criteria in this subdivision.

(b) An owner, operator, or developer of a community living setting may apply to the commissioner for the granting of an exception from the requirement in subdivision 1, paragraph (a), clause (3), that individuals receiving services under a home and community-based waiver under section 256B.092 or 256B.49 may only reside in all of the units in a building of four or fewer units, and no more than the greater of four or 25 percent of the units in a multifamily building of more than four units and from the requirement in subdivision 1, paragraph (b), clause (3), that a setting cannot be a housing complex designed expressly around an individual's diagnosis or disability. Such an exception from the requirements in subdivision 1, paragraphs (a), clause (3), and (b), clause (3), may be granted when the organization requesting the exception submits to the commissioner an application providing the information requested in paragraph (c). The exception shall require that housing costs be separated from service costs and allow the client to choose the vendor who provides personal services under the client's waiver.

(c) A community living setting application for an exemption must provide the following information and affirmations:

(1) affirms the community living setting materially meets all the requirements for home and community-based settings in subdivision 1, paragraph (b), other than clause (3);

(2) explains the scope and necessity of the exception, including documentation of the characteristics of the population to be served and the demand for the number of units the applicant anticipates will be occupied by individuals receiving services under a home and community-based waiver in the proposed setting;

(3) explains how the community living setting supports all individuals receiving services under a home and community-based waiver in choosing the setting from among other options and the availability of those other options in the community for the specific population the program proposes to serve, and outlines the proposed rents and service costs, if any, of services to be provided by the applicant and addresses the cost-effectiveness of the model proposed; and

(4) includes a quality assurance plan affirming that the organization requesting the exception:

(i) supports or develops scattered-site alternatives to the setting for which the exception is requested;

(ii) supports the transition of individuals receiving services under a home and community-based waiver to the most integrated setting appropriate to the individual's needs;

(iii) has a history of meeting recognized quality standards for the population it serves or is targeting, or that it will meet recognized quality standards;

(iv) provides and facilitates for tenants receiving services under a home and community-based waiver unlimited access to the community, including opportunities to interact with nonstaff people without disabilities, appropriate to the individual's needs; and

(v) supports a safe and healthy environment for all individuals living in the setting.

(d) In assessing whether to grant the applicant's exception request, the commissioner shall:

(1) evaluate all of the assertions in the application, verify the assertions are accurate, and ensure that the application is complete;

(2) consult with all divisions in the Department of Human Services relevant to the specific populations being served by the applicant and the Minnesota Housing Finance Agency;

(3) within 30 days of receiving the application notify the city, county, and local press of the 14-day public comment period to consider community input on the application, including input from tenants, potential tenants, and other interested stakeholders;

(4) within 60 days of receiving the application issue an approval, conditional approval, or denial of the exception sought; and

(5) accept and process applications from settings throughout the calendar year.

If conditional approval is granted under this section, the commissioner must specify the reasons for conditional approval of the exception and allow the applicant 30 days to amend the application and issue a renewed decision within 15 days of receiving the amended application. If the commissioner denies an exception under this section, the commissioner must specify reasons for denial of the exception.

(e) After an applicant's exception is approved, any material change in the population to be served or the services to be offered must be submitted to the commissioner who shall decide if it is consistent with the basis on which the exception was granted or if another exception request needs to be submitted.

(f) If an exception is approved and later revoked, no tenant shall be displaced as a result of this revocation until a relocation plan has been implemented that provides for an acceptable alternative placement.

(g) Notwithstanding the above provision, no organization that meets the requirements under subdivision 1 shall be required to apply for an exception described in this subdivision.

Subd. 3. **Public input on exception process.** The commissioner shall consult with interested stakeholders to develop a plan for implementing the exceptions process described in subdivision 2. The implementation plan for the applications shall be based upon the criteria in subdivision 2 and any other information necessary to manage the exceptions process. The commissioner must consult with representatives from each relevant division of the Department of Human Services, The Coalition for Choice in Housing, NAMI, The Arc Minnesota, Mental Health Association of Minnesota, Minnesota Disability Law Center, and other provider organizations, counties, municipalities, disability advocates, and individuals with disabilities or family members of an individual with disabilities.

Sec. 55. Minnesota Statutes 2012, section 256B.5012, is amended by adding a subdivision to read:

Subd. 16. **ICF/DD rate increases effective July 1, 2014.** (a) For each facility reimbursed under this section, for the rate period beginning July 1, 2014, the commissioner shall increase operating payments equal to four percent of the operating payment rates in effect on July 1, 2014. For each facility, the commissioner shall apply the rate increase based on occupied beds, using the percentage specified in this subdivision multiplied by the total payment rate, including the variable rate but excluding the property-related payment rate in effect on the preceding date.

(b) To receive the rate increase under paragraph (a), each facility reimbursed under this section must submit to the commissioner documentation that identifies a quality improvement project the facility will implement by June 30, 2015. Documentation must be provided in a format specified by the commissioner. Projects must:

(1) improve the quality of life of intermediate care facility residents in a meaningful way;

(2) improve the quality of services in a measurable way; or

(3) deliver good quality service more efficiently while using the savings to enhance services for the participants served.

(c) For a facility that fails to submit the documentation described in paragraph (b) by a date or in a format specified by the commissioner, the commissioner shall reduce the facility's rate by one percent effective January 1, 2015.

(d) Facilities that receive a rate increase under this subdivision shall use 75 percent of the rate increase to increase compensation-related costs for employees directly employed by the facility on or after the effective date of the rate adjustments, except:

(1) persons employed in the central office of a corporation or entity that has an ownership interest in the facility or exercises control over the facility; and

(2) persons paid by the facility under a management contract.

This requirement is subject to audit by the commissioner.

(e) Compensation-related costs include:

(1) wages and salaries;

(2) the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, and mileage reimbursement;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, pensions, and contributions to employee retirement accounts; and

(4) other benefits provided and workforce needs, including the recruiting and training of employees as specified in the distribution plan required under paragraph (f).

(f) A facility that receives a rate adjustment under paragraph (a) that is subject to paragraphs (d) and (e) shall prepare and produce for the commissioner, upon request, a plan that specifies the amount of money the provider expects to receive that is subject to the requirements of paragraphs (d) and (e), as well as how that money will be distributed to increase compensation for employees. The commissioner may recover funds from a facility that fails to comply with this requirement.

(g) Within six months after the effective date of the rate adjustment, the facility shall post the distribution plan required under paragraph (f) for a period of at least six weeks in an area of the facility's operation to which all eligible employees have access, and shall provide instructions for employees who believe they have not received the wage and other compensation-related increases specified in the distribution plan. These instructions must include a mailing address, e-mail address, and telephone number that an employee may use to contact the commissioner or the commissioner's representative. Facilities shall make assurances to the commissioner of compliance with this subdivision using forms prescribed by the commissioner.

(h) For public employees, the increase for wages and benefits for certain staff is available and pay rates must be increased only to the extent that the increases comply with laws governing public employees' collective bargaining. Money received by a provider for pay increases for public employees under this subdivision may be used only for increases implemented within one month of the effective date of the rate increase and must not be used for increases implemented prior to that date.

(i) For a provider that has employees that are represented by an exclusive bargaining representative, the provider shall obtain a letter of acceptance of the distribution plan, in regard to the members of the bargaining unit, signed by the exclusive bargaining agent. Upon receipt of the letter of acceptance, the provider shall be deemed to have met all the requirements of this subdivision in regard to the members of the bargaining unit. The provider shall produce the letter of acceptance for the commissioner upon request.

Sec. 56. Laws 2013, chapter 108, article 7, section 14, the effective date, is amended to read:

EFFECTIVE DATE. Subdivisions 1 to 7 and 9, are effective upon federal approval consistent with subdivision 11, but no earlier than ~~March~~ July 1, 2014. Subdivisions 8, 10, and 11 are effective July 1, 2013.

Sec. 57. **PROVIDER RATE AND GRANT INCREASES EFFECTIVE JULY 1, 2014.**

(a) The commissioner of human services shall increase reimbursement rates, grants, allocations, individual limits, and rate limits, as applicable, by four percent for the rate period beginning July 1, 2014, for services rendered on or after that date. County or tribal contracts for services specified in this section must be amended to pass through these rate increases within 60 days of the effective date.

(b) The rate changes described in this section must be provided to:

(1) home and community-based waiver services for persons with developmental disabilities, including consumer-directed community supports, under Minnesota Statutes, section 256B.092;

(2) waiver services under community alternatives for disabled individuals, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(3) community alternative care waiver services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(4) brain injury waiver services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(5) home and community-based waiver services for the elderly under Minnesota Statutes, section 256B.0915;

(6) nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a;

(7) personal care services and qualified professional supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivisions 6a and 19a;

(8) private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7;

(9) community first services and supports under Minnesota Statutes, section 256B.85;

(10) essential community supports under Minnesota Statutes, section 256B.0922;

(11) day training and habilitation services for adults with developmental disabilities or related conditions under Minnesota Statutes, sections 252.41 to 252.46, including the additional cost to counties for rate adjustments to day training and habilitation services provided as a social service;

(12) alternative care services under Minnesota Statutes, section 256B.0913;

(13) living skills training programs for persons with intractable epilepsy who need assistance in the transition to independent living under Laws 1988, chapter 689;

(14) consumer support grants under Minnesota Statutes, section 256.476;

(15) semi-independent living services under Minnesota Statutes, section 252.275;

(16) family support grants under Minnesota Statutes, section 252.32;

(17) housing access grants under Minnesota Statutes, section 256B.0658;

(18) self-advocacy grants under Laws 2009, chapter 101;

(19) technology grants under Laws 2009, chapter 79;

(20) aging grants under Minnesota Statutes, sections 256.975 to 256.977 and 256B.0917;

(21) deaf and hard-of-hearing grants, including community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication under Minnesota Statutes, section 256.01, subdivision 2;

(22) deaf and hard-of-hearing grants under Minnesota Statutes, sections 256C.233, 256C.25, and 256C.261;

(23) Disability Linkage Line grants under Minnesota Statutes, section 256.01, subdivision 24;

(24) transition initiative grants under Minnesota Statutes, section 256.478;

(25) employment support grants under Minnesota Statutes, section 256B.021, subdivision 6; and

(26) grants provided to people who are eligible for the Housing Opportunities for Persons with AIDS program under Minnesota Statutes, section 256B.492.

(c) A managed care plan receiving state payments for the services in paragraph (b) must include the increases in paragraph (a) in payments to providers. To implement the rate increase in this section, capitation rates paid by the commissioner to managed care organizations under Minnesota Statutes, section 256B.69, shall reflect a four percent increase for the specified services for the period beginning July 1, 2014.

(d) Counties shall increase the budget for each recipient of consumer-directed community supports by the amounts in paragraph (a) on the effective dates in paragraph (a).

(e) To implement this section, the commissioner shall increase service rates in the disability waiver payment system authorized in Minnesota Statutes, sections 256B.4913 and 256B.4914.

(f) To receive the rate increase described in this section, providers under paragraphs (a) and (b) must submit to the commissioner documentation that identifies a quality improvement project that the provider will implement by June 30, 2015. Documentation must be provided in a format specified by the commissioner. Projects must:

(1) improve the quality of life of home and community-based services recipients in a meaningful way;

(2) improve the quality of services in a measurable way; or

(3) deliver good quality service more efficiently while using the savings to enhance services for the participants served.

Providers listed in paragraph (b), clauses (7), (9), (10), and (13) to (26), are not subject to this requirement.

(g) For a provider that fails to submit documentation described in paragraph (f) by a date or in a format specified by the commissioner, the commissioner shall reduce the provider's rate by one percent effective January 1, 2015.

(h) Providers that receive a rate increase under this subdivision shall use 75 percent of the rate increase to increase compensation-related costs for employees directly employed by the facility on or after the effective date of the rate adjustments, except:

(1) persons employed in the central office of a corporation or entity that has an ownership interest in the facility or exercises control over the facility; and

(2) persons paid by the facility under a management contract.

This requirement is subject to audit by the commissioner.

(i) Compensation-related costs include:

(1) wages and salaries;

(2) the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, and mileage reimbursement;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, pensions, and contributions to employee retirement accounts; and

(4) other benefits provided and workforce needs, including the recruiting and training of employees as specified in the distribution plan required under paragraph (l).

(j) For public employees, the increase for wages and benefits for certain staff is available and pay rates must be increased only to the extent that the increases comply with laws governing public employees' collective bargaining. Money received by a provider for pay increases for public employees under this section may be used only for increases implemented within one month of the effective date of the rate increase and must not be used for increases implemented prior to that date.

(k) For a provider that has employees that are represented by an exclusive bargaining representative, the provider shall obtain a letter of acceptance of the distribution plan, in regard to the members of the bargaining unit, signed by the exclusive bargaining agent. Upon receipt of the letter of acceptance, the provider shall be deemed to have met all the requirements of this section in regard to the members of the bargaining unit. The provider shall produce the letter of acceptance for the commissioner upon request.

(l) A provider that receives a rate adjustment under paragraph (b) that is subject to paragraphs (h) and (i) shall prepare and produce for the commissioner, upon request, a plan that specifies the amount of money the provider expects to receive that is subject to the requirements of paragraphs (h) and (i), as well as how that money will be distributed to increase compensation for employees. The commissioner may recover funds from a facility that fails to comply with this requirement.

(m) Within six months after the effective date of the rate adjustment, the provider shall post the distribution plan required under paragraph (l) for a period of at least six weeks in an area of the provider's operation to which all eligible employees have access, and shall provide instructions for employees who believe they have not received the

wage and other compensation-related increases specified in the distribution plan. These instructions must include a mailing address, e-mail address, and telephone number that an employee may use to contact the commissioner or the commissioner's representative. Providers shall make assurances to the commissioner of compliance with this section using forms prescribed by the commissioner.

Sec. 58. **REVISOR'S INSTRUCTION.**

(a) In each section of Minnesota Statutes or part of Minnesota Rules referred to in column A, the revisor of statutes shall delete the word or phrase in column B and insert the phrase in column C. The revisor shall also make related grammatical changes and changes in headnotes.

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
<u>section 158.13</u>	<u>defective persons</u>	<u>persons with developmental disabilities</u>
<u>section 158.14</u>	<u>defective persons</u>	<u>persons with developmental disabilities</u>
<u>section 158.17</u>	<u>defective persons</u>	<u>persons with developmental disabilities</u>
<u>section 158.18</u>	<u>persons not defective</u>	<u>persons without developmental disabilities</u>
	<u>defective person</u>	<u>person with developmental disabilities</u>
	<u>defective persons</u>	<u>persons with developmental disabilities</u>
<u>section 158.19</u>	<u>defective</u>	<u>person with developmental disabilities</u>
<u>section 256.94</u>	<u>defective</u>	<u>children with developmental disabilities and</u>
<u>section 257.175</u>	<u>defective</u>	<u>children with developmental disabilities and</u>
<u>part 2911.1350</u>	<u>retardation</u>	<u>developmental disability</u>

(b) The revisor of statutes shall change the term "health and safety" to "health and welfare" in the following statutes: Minnesota Statutes, sections 245D.03, 245D.061, 245D.071, 245D.10, 245D.11, 245D.31, 256B.0915, and 256B.092.

ARTICLE 6
MISCELLANEOUS

Section 1. Minnesota Statutes 2013 Supplement, section 16A.724, subdivision 2, is amended to read:

Subd. 2. **Transfers.** (a) Notwithstanding section 295.581, to the extent available resources in the health care access fund exceed expenditures in that fund, effective for the biennium beginning July 1, 2007, the commissioner of management and budget shall transfer the excess funds from the health care access fund to the general fund on June 30 of each year, provided that the amount transferred in any fiscal biennium shall not exceed \$96,000,000. The purpose of this transfer is to meet the rate increase required under Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 6.

(b) For fiscal ~~years 2006 to 2011~~ year 2018 and thereafter, MinnesotaCare shall be a forecasted program, and, if necessary, the commissioner shall reduce these transfers from the health care access fund to the general fund to meet annual MinnesotaCare expenditures or, if necessary, transfer sufficient funds from the general fund to the health care access fund to meet annual MinnesotaCare expenditures.

(c) Notwithstanding section 295.581, to the extent available resources in the health care access fund exceed expenditures in that fund after the transfer required in paragraph (a), effective for the biennium beginning July 1, 2013, the commissioner of management and budget shall transfer \$1,000,000 each fiscal year from the health access fund to the medical education and research costs fund established under section 62J.692, for distribution under section 62J.692, subdivision 4, paragraph (c).

Sec. 2. Minnesota Statutes 2012, section 254B.12, is amended to read:

254B.12 RATE METHODOLOGY.

Subdivision 1. **CCDTF rate methodology established.** The commissioner shall establish a new rate methodology for the consolidated chemical dependency treatment fund. The new methodology must replace county-negotiated rates with a uniform statewide methodology that must include a graduated reimbursement scale based on the patients' level of acuity and complexity. At least biennially, the commissioner shall review the financial information provided by vendors to determine the need for rate adjustments.

Subd. 2. **Payment methodology for highly specialized vendors.** (a) Notwithstanding subdivision 1, the commissioner shall seek federal authority to develop a separate payment methodology for chemical dependency treatment services provided under the consolidated chemical dependency treatment fund for persons who have been civilly committed to the commissioner, present the most complex and difficult care needs, and are a potential threat to the community. This payment methodology is effective for services provided on or after October 1, 2015, or on or after the receipt of federal approval, whichever is later.

(b) Before implementing an approved payment methodology under paragraph (a), the commissioner must also receive any necessary legislative approval of required changes to state law or funding.

Sec. 3. Minnesota Statutes 2012, section 256I.04, subdivision 2b, is amended to read:

Subd. 2b. **Group residential housing agreements.** (a) Agreements between county agencies and providers of group residential housing must be in writing and must specify the name and address under which the establishment subject to the agreement does business and under which the establishment, or service provider, if different from the group residential housing establishment, is licensed by the Department of Health or the Department of Human Services; the specific license or registration from the Department of Health or the Department of Human Services held by the provider and the number of beds subject to that license; the address of the location or locations at which group residential housing is provided under this agreement; the per diem and monthly rates that are to be paid from group residential housing funds for each eligible resident at each location; the number of beds at each location which are subject to the group residential housing agreement; whether the license holder is a not-for-profit corporation under section 501(c)(3) of the Internal Revenue Code; and a statement that the agreement is subject to the provisions of sections 256I.01 to 256I.06 and subject to any changes to those sections. Group residential housing agreements may be terminated with or without cause by either the county or the provider with two calendar months prior notice.

(b) The commissioner may enter directly into an agreement with a provider serving veterans who meet the eligibility criteria of this section and reside in a setting according to subdivision 2a, located in Stearns County. Responsibility for monitoring and oversight of this setting shall remain with Stearns County. This agreement may be terminated with or without cause by either the commissioner or the provider with two calendar months prior notice. This agreement shall be subject to the requirements of county agreements and negotiated rates in subdivisions 1, paragraphs (a) and (b), and 2, and sections 256I.05, subdivisions 1 and 1c, and 256I.06, subdivision 7.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 4. Minnesota Statutes 2012, section 256I.05, subdivision 2, is amended to read:

Subd. 2. **Monthly rates; exemptions.** ~~The maximum group residential housing rate does not apply~~ This subdivision applies to a residence that on August 1, 1984, was licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, and licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690. Notwithstanding the provisions of subdivision 1c, the rate paid to a facility reimbursed under this subdivision shall be determined under

section 256B.431, or under section 256B.434 if the facility is accepted by the commissioner for participation in the alternative payment demonstration project. The rate paid to this facility shall also include adjustments to the group residential housing rate according to subdivision 1, and any adjustments applicable to supplemental service rates statewide.

Sec. 5. Minnesota Statutes 2012, section 256J.49, subdivision 13, is amended to read:

Subd. 13. **Work activity.** (a) "Work activity" means any activity in a participant's approved employment plan that leads to employment. For purposes of the MFIP program, this includes activities that meet the definition of work activity under the participation requirements of TANF. Work activity includes:

- (1) unsubsidized employment, including work study and paid apprenticeships or internships;
 - (2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69, on-the-job training as specified in section 256J.66, paid work experience, and supported work when a wage subsidy is provided;
 - (3) unpaid work experience, including community service, volunteer work, the community work experience program as specified in section 256J.67, unpaid apprenticeships or internships, and supported work when a wage subsidy is not provided. Unpaid work experience is only an option if the participant has been unable to obtain or maintain paid employment in the competitive labor market, and no paid work experience programs are available to the participant. Prior to placing a participant in unpaid work, the county must inform the participant that the participant will be notified if a paid work experience or supported work position becomes available. Unless a participant consents in writing to participate in unpaid work experience, the participant's employment plan may only include unpaid work experience if including the unpaid work experience in the plan will meet the following criteria:
 - (i) the unpaid work experience will provide the participant specific skills or experience that cannot be obtained through other work activity options where the participant resides or is willing to reside; and
 - (ii) the skills or experience gained through the unpaid work experience will result in higher wages for the participant than the participant could earn without the unpaid work experience;
 - (4) job search including job readiness assistance, job clubs, job placement, job-related counseling, and job retention services;
 - (5) job readiness education, including English as a second language (ESL) or functional work literacy classes ~~as limited by the provisions of section 256J.531, subdivision 2,~~ general educational development (GED) or Minnesota adult diploma course work, high school completion, and adult basic education ~~as limited by the provisions of section 256J.531, subdivision 1;~~
 - (6) job skills training directly related to employment, including postsecondary education and training that can reasonably be expected to lead to employment, ~~as limited by the provisions of section 256J.53;~~
 - (7) providing child care services to a participant who is working in a community service program;
 - (8) activities included in the employment plan that is developed under section 256J.521, subdivision 3; and
 - (9) preemployment activities including chemical and mental health assessments, treatment, and services; learning disabilities services; child protective services; family stabilization services; or other programs designed to enhance employability.
- (b) "Work activity" does not include activities done for political purposes as defined in section 211B.01, subdivision 6.

Sec. 6. Minnesota Statutes 2012, section 256J.53, subdivision 1, is amended to read:

Subdivision 1. **Length of program.** (a) In order for a postsecondary education or training program to be an approved work activity as defined in section 256J.49, subdivision 13, clause (6), it must be a program lasting ~~24 months~~ four years or less, and the participant must meet the requirements of subdivisions 2, 3, and 5.

(b) Participants with a high school diploma, general educational development (GED) credential, or Minnesota adult diploma must be informed of the opportunity to participate in postsecondary education or training while in the Minnesota family investment program.

Sec. 7. Minnesota Statutes 2012, section 256J.53, subdivision 2, is amended to read:

Subd. 2. **Approval of postsecondary education or training.** (a) ~~In order for a postsecondary education or training program to be an approved activity in an employment plan, the plan must include additional work activities if the education and training activities do not meet the minimum hours required to meet the federal work participation rate under Code of Federal Regulations, title 45, sections 261.31 and 261.35.~~

(b) Participants seeking approval of a who are interested in participating in postsecondary education or training plan as part of their employment plan must provide documentation that discuss their education plans with their job counselor. Job counselors must work with participants to evaluate options by:

~~(1) the employment goal can only be met with the additional education or training;~~

~~(2) advising whether there are suitable employment opportunities that require the specific education or training in the area in which the participant resides or is willing to reside;~~

~~(3) the education or training will result in significantly higher wages for the participant than the participant could earn without the education or training;~~

~~(4) (2) assisting the participant in exploring whether the participant can meet the requirements for admission into the program; and~~

~~(5) (3) there is a reasonable expectation that the participant will complete the training program discussing the participant's strengths and challenges based on such factors as the participant's MFIP assessment, previous education, training, and work history; current motivation; and changes in previous circumstances.~~

(b) The requirements of this subdivision do not apply to participants who are in:

(1) a recognized career pathway program that leads to stackable credentials;

(2) a training program lasting 12 weeks or less; or

(3) the final year of a multi-year postsecondary education or training program.

Sec. 8. Minnesota Statutes 2012, section 256J.53, subdivision 5, is amended to read:

Subd. 5. **Requirements after postsecondary education or training.** Upon completion of an approved education or training program, a participant who does not meet the participation requirements in section 256J.55, subdivision 1, through unsubsidized employment must participate in job search. If, after ~~six~~ 12 weeks of job search, the participant does not find a full-time job consistent with the employment goal, the participant must accept any offer of full-time suitable employment, or meet with the job counselor to revise the employment plan to include additional work activities necessary to meet hourly requirements.

Sec. 9. Minnesota Statutes 2012, section 256J.531, is amended to read:

256J.531 BASIC EDUCATION; ENGLISH AS A SECOND LANGUAGE.

Subdivision 1. **Approval of adult basic education.** ~~With the exception of classes related to obtaining a general educational development credential (GED), a participant must have reading or mathematics proficiency below a ninth grade level in order for adult basic education classes to be an~~ A participant who lacks a high school diploma, general educational development (GED) credential, or Minnesota adult diploma must be allowed to pursue these credentials as an approved work activity, provided that the participant is making satisfactory progress. Participants eligible to pursue a general educational development (GED) credential or Minnesota adult diploma under this subdivision must be informed of the opportunity to participate while in the Minnesota family investment program. The employment plan must also specify that the participant fulfill no more than one half of the participation requirements in section 256J.55, subdivision 1, through attending adult basic education or general educational development classes.

Subd. 2. **Approval of English as a second language.** ~~In order for English as a second language (ESL) classes to be an approved work activity in an employment plan, a participant must be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test. In approving ESL as a work activity, the job counselor must give preference to enrollment in a functional work literacy program, if one is available, over a regular ESL program. A participant may not be approved for more than a combined total of 24 months of ESL classes while participating in the diversionary work program and the employment and training services component of MFIP. The employment plan must also specify that the participant fulfill no more than one half of the participation requirements in section 256J.55, subdivision 1, through attending ESL classes. For participants enrolled in functional work literacy classes, no more than two thirds of the participation requirements in section 256J.55, subdivision 1, may be met through attending functional work literacy classes.~~

Sec. 10. Laws 2013, chapter 108, article 3, section 48, is amended to read:

Sec. 48. **REPEALER.**

(a) Minnesota Statutes 2012, section 256J.24, subdivision 6, is repealed ~~January~~ July 1, 2015 2014.

(b) Minnesota Statutes 2012, section 609.093, is repealed effective the day following final enactment.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 11. **PARENT AWARE QUALITY RATING AND IMPROVEMENT SYSTEM ACCESSIBILITY REPORT.**

Subdivision 1. **Recommendations.** The commissioner of human services, in consultation with representatives from the child care and early childhood advocacy community, child care provider organizations, child care providers, organizations administering Parent Aware, the Departments of Education and Health, counties, and parents, shall make recommendations to the legislature on increasing statewide accessibility for child care providers to the Parent Aware quality rating and improvement system and for increasing access to Parent Aware-rated programs for families with children. The recommendations must address the following factors impacting accessibility:

(1) availability of rated and nonrated programs by child care provider type, within rural and underserved areas, and for different cultural and non-English-speaking groups;

(2) time and resources necessary for child care providers to participate in Parent Aware at various rating levels, including cultural and linguistic considerations;

(3) federal child care development fund regulations; and

(4) other factors as determined by the commissioner.

Subd. 2. **Report.** By February 15, 2015, the commissioner of human services shall report to the legislative committees with jurisdiction over the child care assistance programs and the Parent Aware quality rating and improvement system with recommendations to increase access for families and child care providers to Parent Aware, including benchmarks for achieving the maximum participation in Parent Aware-rated child care programs by families receiving child care assistance.

The recommendations may also include, but are not limited to, potential modifications to Minnesota Statutes, sections 119B.09, subdivision 5; and 119B.125, subdivision 1, if necessary, which may include a delayed effective date, different phase-in process, or repealer.

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

Sec. 12. **DIRECTION TO COMMISSIONER.**

The commissioner of human services shall implement the repeal of the MFIP family cap July 1, 2014. The commissioner shall make every effort to complete systems modifications by that date. If systems modifications cannot be completed in time, the commissioner shall implement a manual procedure to implement the change.

Sec. 13. **CIVIL COMMITMENT TRAINING PROGRAM.**

The commissioner of human services shall develop an online training program for interested individuals and personnel, specifically county and hospital staff and mental health providers, to understand, clarify, and interpret the Civil Commitment Act under Minnesota Statutes, chapter 253B, as it pertains to persons with mental illnesses. The training must be developed in collaboration with the ombudsman for mental health and developmental disabilities, Minnesota County Attorneys Association, National Alliance on Mental Illness of Minnesota, Mental Health Consumer/Survivor Network of Minnesota, State Advisory Council on Mental Health, Mental Health Association, Minnesota Psychiatric Society, Hennepin Commitment Defense Panel, Minnesota Disability Law Center, Minnesota Association of Community Mental Health Programs, Minnesota Hospital Association, and Minnesota Board of Public Defense. The purpose of the training is to promote better clarity and interpretation of the civil commitment laws.

Sec. 14. **DIRECTION TO COMMISSIONER; REPORT ON PROGRAM WAITING LISTS.**

In preparing background materials for the 2016-2017 biennium, the commissioner of human services shall prepare a listing of all of the waiting lists for services that the department oversees and directs. The listing shall identify the number of persons on those waiting lists as of October 1, 2014, an estimate of the cost of serving them based on current average costs, and an estimate of the number of jobs that would be created given current average levels of staffing if the waiting list were eliminated. The commissioner is encouraged to engage postsecondary students in the assembly, analysis, and reporting of this information. The information shall be provided to the governor, the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance, and the Legislative Reference Library in electronic form by December 1, 2014.

Sec. 15. **MENTALLY ILL OFFENDERS ARRESTED OR SUBJECT TO ARREST; WORKING GROUP.**

Subdivision 1. **Working group established; study and draft legislation required.** The commissioner of human services may convene a working group to address issues related to offenders with mental illness who are arrested or subject to arrest. The working group shall consider the special needs of these offenders and determine how best to provide for these needs. Specifically, the group shall consider the efficacy of a facility that would serve as a central point for accepting, assessing, and addressing the needs of offenders with mental illness brought in by law enforcement as an alternative to arrest or following arrest. The facility would consolidate and coordinate existing resources as well as offer new resources that would provide a continuum of care addressing the immediate, short-term, and long-term needs of these offenders. The facility would do the following for these offenders: perform timely, credible, and useful mental health assessments; identify community placement opportunities; coordinate community care; make recommendations concerning pretrial release when appropriate; and, in some cases, provide direct services to offenders at the facility or in nearby jails. The working group shall establish criteria to determine which offenders may be admitted to the facility. The facility would be located in the metropolitan region and serve the needs of nearby counties. The facility would represent a partnership between the state, local units of government, and the private sector. In addition, the working group may consider how similar facilities could function in outstate areas. When studying this issue, the working group shall examine what other states have done in this area to determine what programs have been successful and use those programs as models in developing the program in Minnesota. The working group may also study and make recommendations on other ways to improve the process for addressing and assisting these offenders. The commissioner shall enter into an agreement with NAMI Minnesota to carry out the work of the working group.

Subd. 2. **Membership.** The commissioner shall ensure that the working group has expertise and a broad range of interests represented, including, but not limited to: prosecutors; law enforcement, including jail staff; correctional officials; probation officials; criminal defense attorneys; judges; county and city officials; mental health advocates; mental health professionals; and hospital and health care officials.

Subd. 3. **Administrative issues.** (a) The commissioner shall convene the first meeting of the working group by September 1, 2014. NAMI Minnesota shall provide meeting space and administrative support to the working group. The working group shall select a chair from among its members.

(b) The commissioner may solicit in-kind support from work group member agencies to accomplish its assigned duties.

Subd. 4. **Report required.** By January 1, 2015, the working group shall submit a report to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over human services and public safety. The report must summarize the working group's activities and include its recommendations and draft legislation. The recommendations must be specific and include estimates of the costs involved in implementing the recommendations, including the funding sources that might be used to pay for it. The working group shall explore potential funding sources at the federal, local, and private levels, and provide this information in the report. In addition, the report must include draft legislation to implement the recommendations.

Sec. 16. **DETOXIFICATION SERVICES; INSTRUCTIONS TO THE COMMISSIONER.**

The commissioner of human services shall develop a plan to include detoxification services as a covered medical assistance benefit and present the plan to the legislature by December 15, 2014.

ARTICLE 7
HEALTH AND HUMAN SERVICES APPROPRIATIONS

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

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2013, chapter 108, articles 14 and 15, to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each

purpose. The figures "2014" and "2015" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2014, are effective the day following final enactment unless a different effective date is explicit.

			<u>APPROPRIATIONS</u>	
			<u>Available for the Year</u>	
			<u>Ending June 30</u>	
			<u>2014</u>	<u>2015</u>
Sec. 2. <u>COMMISSIONER OF HUMAN SERVICES</u>				
Subdivision 1. <u>Total Appropriation</u>			<u>785,000</u>	<u>73,849,000</u>
<u>Appropriations by Fund</u>				
<u>General</u>	<u>785,000</u>	<u>71,502,000</u>		
<u>Federal TANF</u>	<u>-0-</u>	<u>2,347,000</u>		
<u>The appropriation modifications for each purpose are shown in the following subdivisions.</u>				
Subd. 2. <u>Central Office Operations</u>				
(a) <u>Operations</u>			<u>-0-</u>	<u>63,000</u>
<u>Base adjustment.</u> The general fund base is decreased by \$6,000 in fiscal years 2016 and 2017.				
(b) <u>Health Care</u>			<u>-0-</u>	<u>113,000</u>
<u>Base adjustment.</u> The general fund base is increased by \$108,000 in fiscal years 2016 and 2017.				
(c) <u>Continuing Care</u>			<u>-0-</u>	<u>1,084,000</u>
<u>Base adjustment.</u> The general fund base is increased by \$156,000 in fiscal year 2016 and \$19,000 in fiscal year 2017.				
(d) <u>Chemical and Mental Health</u>			<u>-0-</u>	<u>115,000</u>
Subd. 3. <u>Forecasted Programs</u>				
(a) <u>MFIP/DWP</u>				
<u>Appropriations by Fund</u>				
<u>General</u>	<u>-0-</u>	<u>122,000</u>		
<u>Federal TANF</u>	<u>-0-</u>	<u>1,995,000</u>		

(b) <u>Group Residential Housing</u>	-0-	<u>681,000</u>
(c) <u>Medical Assistance</u>	<u>800,000</u>	<u>63,744,000</u>
(d) <u>Alternative Care</u>	-0-	<u>772,000</u>

Subd. 4. **Grant Programs**

(a) <u>Children's Services Grants</u>	-0-	<u>(3,000)</u>
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Base adjustment. The general fund base is increased by \$9,000 in fiscal year 2017.

(b) <u>Child and Economic Support Grants</u>	-0-	<u>1,669,000</u>
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Safe harbor. \$569,000 in fiscal year 2015 from the general fund is for housing and supportive services for sexually exploited youth.

Homeless youth. \$1,100,000 in fiscal year 2015 is for purposes of Minnesota Statutes, section 256K.45.

(c) <u>Aging and Adult Services Grants</u>	<u>(15,000)</u>	<u>1,180,000</u>
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Senior nutrition. \$425,000 in fiscal year 2015 from the general fund is for congregate dining services under Minnesota Statutes, section 256.9752.

Base adjustment. The general fund base is decreased by \$429,000 in fiscal year 2016 and \$419,000 in fiscal year 2017.

(d) <u>Deaf and Hard-of-Hearing Grants</u>	-0-	<u>66,000</u>
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Base adjustment. The general fund base is increased by \$6,000 in fiscal years 2016 and 2017.

(e) <u>Disabilities Grants</u>	-0-	<u>1,015,000</u>
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Base adjustment. The general fund base is increased by \$224,000 in fiscal year 2016 and \$233,000 in fiscal year 2017.

Subd. 5. **State-Operated Services**

(a) <u>SOS Mental Health</u>	-0-	<u>881,000</u>
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Civil commitments. \$35,000 in fiscal year 2015 is for developing an online training program to help interested parties understand the civil commitment process.

Base adjustment. The general fund base is increased by \$213,000 in fiscal years 2016 and 2017.

(b) SOS Enterprise Services-0--0-

Community Addiction Recovery Enterprise deficiency funding. Notwithstanding Minnesota Statutes, section 254B.06, subdivision 1, \$4,000,000 is transferred in fiscal years 2014 and 2015 from the consolidated chemical dependency treatment fund administrative account in the special revenue fund and deposited into the enterprise fund for the Community Addiction Recovery Enterprise. This clause is effective the day following final enactment.

Subd. 6. Technical Activities**MFIP Child Care Assistance**Appropriations by Fund

Federal TANF	<u>-0-</u>	<u>352,000</u>
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Sec. 3. COMMISSIONER OF HEALTH.**Subdivision 1. Total Appropriation****\$967,000****\$1,801,000**Appropriations by Fund

	<u>2014</u>	<u>2015</u>
General	<u>1,150,000</u>	<u>1,994,000</u>
State Government Special Revenue	<u>817,000</u>	<u>807,000</u>
Health Care Access	<u>(1,000,000)</u>	<u>(1,000,000)</u>

Subd. 2. Health ImprovementAppropriations by Fund

General	<u>75,000</u>	<u>1,819,000</u>
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Poison information centers. \$750,000 in fiscal year 2015 from the general fund is for regional poison information centers under Minnesota Statutes, section 145.93, and is added to the base. The appropriation is (1) to enhance staffing to meet national accreditation standards; (2) for health care provider education and training; (3) for surveillance of emerging toxicology and poison issues; and (4) to cooperate with local public health officials on outreach efforts.

Minority health disparity grants. \$100,000 in fiscal year 2014 and \$475,000 in fiscal year 2015 are for the commissioner of health to begin implementing recommendations of the health equity report under Laws 2013, chapter 108, article 12, section 102. This funding is onetime and shall not become part of base funding. Funds must be distributed as follows:

(1) \$100,000 in fiscal year 2014 and \$100,000 in fiscal year 2015 are for dementia outreach education and training grants targeting minority communities under article 1, section 7;

(2) \$75,000 in fiscal year 2015 is for planning and conducting a training conference on immigrant and refugee mental health issues. The conference shall include an emphasis on mental health concerns in the Somali community. Conference planning shall include input from the Somali community and other stakeholders. This is a onetime appropriation;

(3) up to \$150,000 in fiscal year 2015 is for additional grants, including but not limited to a grant to a Somali women-led health care agency. Grantees must use community-based, participatory research to address health inequities and provide services through culturally specific, minority-centered programs; and

(4) remaining funds shall be used for redesigning agency grant making to advance health equity, ensuring that health equity and the analysis of structural inequities become integral aspects of all agency divisions and programs, and awarding additional grants to address health equity issues.

Safe harbor. \$569,000 in fiscal year 2015 from the general fund is for grants for comprehensive services, including trauma-informed, culturally specific services, for sexually exploited youth. The commissioner shall use no more than 6.67 percent of these funds for administration of the grants.

Base level adjustment. The general fund base for fiscal year 2016 is \$47,619,000. The general fund base for fiscal year 2017 is \$47,669,000.

Subd. 3. Policy Quality and Compliance

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>75,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>-0-</u>	<u>143,000</u>
<u>Health Care Access</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>

Legislative health care workforce commission. \$75,000 in fiscal year 2015 is for the health care workforce commission in article 1, section 6. This is a onetime appropriation.

Spoken language health care interpreters. \$81,000 in fiscal year 2015 from the state government special revenue fund is to develop a proposal to promote health equity and quality health outcomes through changes to laws governing spoken language health care interpreters. The commissioner shall consult with

spoken language health care interpreters, organizations that employ these interpreters, organizations that pay for interpreter services, health care providers who use interpreters, clients who use interpreters, and community organizations serving non-English speaking populations. The commissioner shall draft legislation and submit a report that documents the process followed and the rationale for the recommendations to the committees with jurisdiction over health and human services by January 15, 2015. In drafting the legislation and report, the commissioner must consider input received from individuals and organizations consulted and must address issues related to:

(1) qualifications for spoken language health care interpreters that assure quality service to health care providers and their patients;

(2) methods to support the education and skills development of spoken language health care interpreters serving Minnesotans;

(3) the role of an advisory council in maintaining a quality system for spoken language health care interpreting in Minnesota;

(4) management of complaints regarding spoken language health care interpreters, including investigation and enforcement actions;

(5) an appropriate structure for oversight of spoken language health care interpreters, including administrative and technology requirements; and

(6) other issues that address qualifications, quality, access, and affordability of spoken language interpreter services.

This is a onetime appropriation.

Base level adjustment. The state government special revenue fund base for fiscal years 2016 and 2017 shall be \$16,529,000.

Subd. 4. Health Protection

Appropriations by Fund

<u>General</u>	<u>100,000</u>	<u>100,000</u>
<u>State Government Special Revenue</u>	<u>817,000</u>	<u>648,000</u>

Healthy housing. \$100,000 in fiscal years 2014 and 2015 from the general fund are for education and training grants under Minnesota Statutes, section 144.9513, subdivision 3, and are added to the base.

Subd. 5. **Administrative Support Services** 975,000 16,000

Appropriations by Fund

<u>General</u>	<u>975,000</u>	<u>-0-</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>-0-</u>	<u>16,000</u>

Lawsuit settlement. In fiscal year 2014, \$975,000 from the general fund is a onetime appropriation for the cost of settling the lawsuit Bearder v. State.

Sec. 4. **OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES** \$100,000 \$100,000

Sec. 5. Laws 2013, chapter 1, section 6, as amended by Laws 2013, chapter 108, article 6, section 32, is amended to read:

Sec. 6. **TRANSFER.**

(a) The commissioner of management and budget shall transfer from the health care access fund to the general fund up to \$21,319,000 in fiscal year 2014; up to \$42,314,000 in fiscal year 2015; up to \$56,147,000 in fiscal year 2016; and up to \$64,683,000 in fiscal year 2017.

(b) The commissioner of human services shall determine the difference between the actual or forecasted cost to the medical assistance program of adding 19- and 20-year-olds and parents and relative caretaker populations with income between 100 and 138 percent of the federal poverty guidelines and the cost of adding those populations that was estimated during the 2013 legislative session based on the data from the February 2013 forecast.

(c) For each fiscal year from 2014 to 2017, the commissioner of human services shall certify and report to the commissioner of management and budget the actual or ~~forecasted~~ estimated cost difference of adding 19- and 20-year-olds and parents and relative caretaker populations with income between 100 and 138 percent of the federal poverty guidelines, as determined under paragraph (b), to the commissioner of management and budget at least four weeks prior to the release of a forecast under Minnesota Statutes, section 16A.103, of each fiscal year.

(d) ~~No later than three weeks before the release of the forecast~~ For fiscal years 2014 to 2017, forecasts under Minnesota Statutes, section 16A.103, prepared by the commissioner of management and budget shall ~~reduce the include actual or estimated adjustments to health care access fund transfer transfers~~ in paragraph (a), by the cumulative differences in costs reported by the commissioner of human services under according to paragraph (e) (e). ~~If, for any fiscal year, the amount of the cumulative cost differences determined under paragraph (b) is positive, no change is made to the appropriation. If, for any fiscal year, the amount of the cumulative cost differences determined under paragraph (b) is less than the amount of the original appropriation, the appropriation for that year must be zero.~~

(e) For each fiscal year from 2014 to 2017, the commissioner of management and budget must adjust the transfer amounts in paragraph (a) by the cumulative difference in costs reported by the commissioner of human services under paragraph (c). If, for any fiscal year, the amount of the cumulative difference in costs reported under paragraph (c) is positive, no adjustment shall be made.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 6. Laws 2013, chapter 108, article 14, section 2, subdivision 5, is amended to read:

Subd. 5. Forecasted Programs

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MFIP/DWP

Appropriations by Fund

General	72,583,000	76,927,000
Federal TANF	80,342,000	76,851,000

(b) MFIP Child Care Assistance 61,701,000 69,294,000

(c) General Assistance 54,787,000 56,068,000

General Assistance Standard. The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at \$203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

Emergency General Assistance. The amount appropriated for emergency general assistance funds is limited to no more than \$6,729,812 in fiscal year 2014 and \$6,729,812 in fiscal year 2015. Funds to counties shall be allocated by the commissioner using the allocation method in Minnesota Statutes, section 256D.06.

(d) MN Supplemental Assistance 38,646,000 39,821,000

(e) Group Residential Housing 141,138,000 150,988,000

(f) MinnesotaCare 297,707,000 247,284,000

This appropriation is from the health care access fund.

(g) Medical Assistance

Appropriations by Fund

General	4,443,768,000	4,431,612,000
Health Care Access	179,550,000	226,081,000

Base Adjustment. The health care access fund base is \$221,035,000 in fiscal year 2016 and \$221,035,000 in fiscal year 2017.

Spending to be apportioned. The commissioner shall apportion expenditures under this paragraph consistent with the requirements of section 12.

Support Services for Deaf and Hard-of-Hearing. \$121,000 in fiscal year 2014 and \$141,000 in fiscal year 2015; and \$10,000 in fiscal year 2014 and \$13,000 in fiscal year 2015 are from the health care access fund for the hospital reimbursement increase in Minnesota Statutes, section 256.969, subdivision 29, paragraph (b).

Disproportionate Share Payments. Effective for services provided on or after July 1, 2011, through June 30, 2015, the commissioner of human services shall deposit, in the health care access fund, additional federal matching funds received under Minnesota Statutes, section 256B.199, paragraph (e), as disproportionate share hospital payments for inpatient hospital services provided under MinnesotaCare to lawfully present noncitizens who are not eligible for MinnesotaCare with federal financial participation due to immigration status. The amount deposited shall not exceed \$2,200,000 for the time period specified.

Funding for Services Provided to EMA Recipients. \$2,200,000 in fiscal year 2014 is from the health care access fund to provide services to emergency medical assistance recipients under Minnesota Statutes, section 256B.06, subdivision 4, paragraph (l). This is a onetime appropriation and is available in either year of the biennium.

(h) Alternative Care	50,776,000	54,922,000
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Alternative Care Transfer. Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

(i) CD Treatment Fund	81,440,000	74,875,000
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Balance Transfer. The commissioner must transfer \$18,188,000 from the consolidated chemical dependency treatment fund to the general fund by September 30, 2013.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 7. Laws 2013, chapter 108, article 14, section 2, subdivision 6, as amended by Laws 2013, chapter 144, section 25, is amended to read:

Subd. 6. **Grant Programs**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Support Services Grants

Appropriations by Fund

General	8,915,000	13,333,000
Federal TANF	94,611,000	94,611,000

Paid Work Experience. \$2,168,000 each year in fiscal years 2015 and 2016 is from the general fund for paid work experience for long-term MFIP recipients. Paid work includes full and partial wage subsidies and other related services such as job development, marketing, preworksite training, job coaching, and postplacement services. These are onetime appropriations. Unexpended funds for fiscal year 2015 do not cancel, but are available to the commissioner for this purpose in fiscal year 2016.

Work Study Funding for MFIP Participants. \$250,000 each year in fiscal years 2015 and 2016 is from the general fund to pilot work study jobs for MFIP recipients in approved postsecondary education programs. This is a onetime appropriation. Unexpended funds for fiscal year 2015 do not cancel, but are available for this purpose in fiscal year 2016.

Local Strategies to Reduce Disparities. \$2,000,000 each year in fiscal years 2015 and 2016 is from the general fund for local projects that focus on services for subgroups within the MFIP caseload who are experiencing poor employment outcomes. These are onetime appropriations. Unexpended funds for fiscal year 2015 do not cancel, but are available to the commissioner for this purpose in fiscal year 2016.

Home Visiting Collaborations for MFIP Teen Parents. \$200,000 per year in fiscal years 2014 and 2015 is from the general fund and \$200,000 in fiscal year 2016 is from the federal TANF fund for technical assistance and training to support local collaborations that provide home visiting services for MFIP teen parents. The general fund appropriation is onetime. The federal TANF fund appropriation is added to the base.

Performance Bonus Funds for Counties. The TANF fund base is increased by \$1,500,000 each year in fiscal years 2016 and 2017. The commissioner must allocate this amount each year to counties that exceed their expected range of performance on the annualized three-year self-support index as defined in Minnesota Statutes, section 256J.751, subdivision 2, clause (6). This is a permanent base adjustment. Notwithstanding any contrary provisions in this article, this provision expires June 30, 2016.

Base Adjustment. The general fund base is decreased by \$200,000 in fiscal year 2016 and \$4,618,000 in fiscal year 2017. The TANF fund base is increased by \$1,700,000 in fiscal years 2016 and 2017.

(b) Basic Sliding Fee Child Care Assistance Grants	36,836,000	42,318,000
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Base Adjustment. The general fund base is increased by \$3,778,000 in fiscal year 2016 and by \$3,849,000 in fiscal year 2017.

(c) Child Care Development Grants	1,612,000	1,737,000
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(d) Child Support Enforcement Grants	50,000	50,000
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Federal Child Support Demonstration Grants. Federal administrative reimbursement resulting from the federal child support grant expenditures authorized under United States Code, title 42, section 1315, is appropriated to the commissioner for this activity.

(e) Children's Services Grants

Appropriations by Fund

General	49,760,000	52,961,000
Federal TANF	140,000	140,000

Adoption Assistance and Relative Custody Assistance. ~~\$37,453,000~~ \$36,456,000 in fiscal year 2014 and ~~\$37,453,000~~ \$36,855,000 in fiscal year 2015 is for the adoption assistance and relative custody assistance programs. The commissioner shall determine with the commissioner of Minnesota Management and Budget the appropriation for Northstar Care for Children effective January 1, 2015. The commissioner may transfer appropriations for adoption assistance, relative custody assistance, and Northstar Care for Children between fiscal years and among programs to adjust for transfers across the programs.

Title IV-E Adoption Assistance. Additional federal reimbursements to the state as a result of the Fostering Connections to Success and Increasing Adoptions Act's expanded eligibility for Title IV-E adoption assistance are appropriated for postadoption services, including a parent-to-parent support network.

Privatized Adoption Grants. Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

Adoption Assistance Incentive Grants. Federal funds available during fiscal years 2014 and 2015 for adoption incentive grants are appropriated for postadoption services, including a parent-to-parent support network.

Base Adjustment. The general fund base is increased by \$5,913,000 in fiscal year 2016 and by \$10,297,000 in fiscal year 2017.

(f) Child and Community Service Grants	53,301,000	53,301,000
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(g) Child and Economic Support Grants	21,047,000	20,848,000
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Minnesota Food Assistance Program. Unexpended funds for the Minnesota food assistance program for fiscal year 2014 do not cancel but are available for this purpose in fiscal year 2015.

Transitional Housing. \$250,000 each year is for the transitional housing programs under Minnesota Statutes, section 256E.33.

Emergency Services. \$250,000 each year is for emergency services grants under Minnesota Statutes, section 256E.36.

Family Assets for Independence. \$250,000 each year is for the Family Assets for Independence Minnesota program. This appropriation is available in either year of the biennium and may be transferred between fiscal years.

Food Shelf Programs. \$375,000 in fiscal year 2014 and \$375,000 in fiscal year 2015 are for food shelf programs under Minnesota Statutes, section 256E.34. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. Notwithstanding Minnesota Statutes, section 256E.34, subdivision 4, no portion of this appropriation may be used by Hunger Solutions for its administrative expenses, including but not limited to rent and salaries.

Homeless Youth Act. \$2,000,000 in fiscal year 2014 and \$2,000,000 in fiscal year 2015 is for purposes of Minnesota Statutes, section 256K.45.

Safe Harbor Shelter and Housing. \$500,000 in fiscal year 2014 and \$500,000 in fiscal year 2015 is for a safe harbor shelter and housing fund for housing and supportive services for youth who are sexually exploited.

High-risk adults. \$200,000 in fiscal year 2014 is for a grant to the nonprofit organization selected to administer the demonstration project for high-risk adults under Laws 2007, chapter 54, article 1, section 19, in order to complete the project. This is a onetime appropriation.

(h) Health Care Grants

Appropriations by Fund

General	190,000	190,000
Health Care Access	190,000	190,000

Emergency Medical Assistance Referral and Assistance Grants. (a) The commissioner of human services shall award grants to nonprofit programs that provide immigration legal services based on indigency to provide legal services for immigration assistance to individuals with emergency medical conditions or complex and chronic health conditions who are not currently eligible for medical assistance or other public health care programs, but who may meet eligibility requirements with immigration assistance.

(b) The grantees, in collaboration with hospitals and safety net providers, shall provide referral assistance to connect individuals identified in paragraph (a) with alternative resources and services to assist in meeting their health care needs. \$100,000 is appropriated in fiscal year 2014 and \$100,000 in fiscal year 2015. This is a onetime appropriation.

Base Adjustment. The general fund is decreased by \$100,000 in fiscal year 2016 and \$100,000 in fiscal year 2017.

(i) Aging and Adult Services Grants	14,827,000	15,010,000
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Base Adjustment. The general fund is increased by \$1,150,000 in fiscal year 2016 and \$1,151,000 in fiscal year 2017.

Community Service Development Grants and Community Services Grants. Community service development grants and community services grants are reduced by \$1,150,000 each year. This is a onetime reduction.

(j) Deaf and Hard-of-Hearing Grants	1,771,000	1,785,000
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(k) Disabilities Grants	18,605,000	18,823,000
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Advocating Change Together. \$310,000 in fiscal year 2014 is for a grant to Advocating Change Together (ACT) to maintain and promote services for persons with intellectual and developmental disabilities throughout the state. This appropriation is onetime. Of this appropriation:

(1) \$120,000 is for direct costs associated with the delivery and evaluation of peer-to-peer training programs administered throughout the state, focusing on education, employment, housing, transportation, and voting;

(2) \$100,000 is for delivery of statewide conferences focusing on leadership and skill development within the disability community; and

(3) \$90,000 is for administrative and general operating costs associated with managing or maintaining facilities, program delivery, staff, and technology.

Base Adjustment. The general fund base is increased by \$535,000 in fiscal year 2016 and by \$709,000 in fiscal year 2017.

(l) Adult Mental Health Grants

Appropriations by Fund

General	71,199,000	69,530,000
Health Care Access	750,000	750,000
Lottery Prize	1,733,000	1,733,000

Compulsive Gambling Treatment. Of the general fund appropriation, \$602,000 in fiscal year 2014 and \$747,000 in fiscal year 2015 are for compulsive gambling treatment under Minnesota Statutes, section 297E.02, subdivision 3, paragraph (c).

Problem Gambling. \$225,000 in fiscal year 2014 and \$225,000 in fiscal year 2015 is appropriated from the lottery prize fund for a grant to the state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling.

Funding Usage. Up to 75 percent of a fiscal year's appropriations for adult mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

Base Adjustment. The general fund base is decreased by \$4,427,000 in fiscal years 2016 and 2017.

Mental Health Pilot Project. \$230,000 each year is for a grant to the Zumbro Valley Mental Health Center. The grant shall be used to implement a pilot project to test an integrated behavioral health care coordination model. The grant recipient must report measurable outcomes and savings to the commissioner of human services by January 15, 2016. This is a onetime appropriation.

~~**High-risk adults.** \$200,000 in fiscal year 2014 is for a grant to the nonprofit organization selected to administer the demonstration project for high-risk adults under Laws 2007, chapter 54, article 1, section 19, in order to complete the project. This is a onetime appropriation.~~

(m) Child Mental Health Grants

18,246,000

20,636,000

Text Message Suicide Prevention Program. \$625,000 in fiscal year 2014 and \$625,000 in fiscal year 2015 is for a grant to a nonprofit organization to establish and implement a statewide text message suicide prevention program. The program shall

implement a suicide prevention counseling text line designed to use text messaging to connect with crisis counselors and to obtain emergency information and referrals to local resources in the local community. The program shall include training within schools and communities to encourage the use of the program.

Mental Health First Aid Training. \$22,000 in fiscal year 2014 and \$23,000 in fiscal year 2015 is to train teachers, social service personnel, law enforcement, and others who come into contact with children with mental illnesses, in children and adolescents mental health first aid training.

Funding Usage. Up to 75 percent of a fiscal year's appropriation for child mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

(n) CD Treatment Support Grants

1,816,000

1,816,000

SBIRT Training. (1) \$300,000 each year is for grants to train primary care clinicians to provide substance abuse brief intervention and referral to treatment (SBIRT). This is a onetime appropriation. The commissioner of human services shall apply to SAMHSA for an SBIRT professional training grant.

(2) If the commissioner of human services receives a grant under clause (1) funds appropriated under this clause, equal to the grant amount, up to the available appropriation, shall be transferred to the Minnesota Organization on Fetal Alcohol Syndrome (MOFAS). MOFAS must use the funds for grants. Grant recipients must be selected from communities that are not currently served by federal Substance Abuse Prevention and Treatment Block Grant funds. Grant money must be used to reduce the rates of fetal alcohol syndrome and fetal alcohol effects, and the number of drug-exposed infants. Grant money may be used for prevention and intervention services and programs, including, but not limited to, community grants, professional education, public awareness, and diagnosis.

Fetal Alcohol Syndrome Grant. \$180,000 each year from the general fund is for a grant to the Minnesota Organization on Fetal Alcohol Syndrome (MOFAS) to support nonprofit Fetal Alcohol Spectrum Disorders (FASD) outreach prevention programs in Olmsted County. This is a onetime appropriation.

Base Adjustment. The general fund base is decreased by \$480,000 in fiscal year 2016 and \$480,000 in fiscal year 2017.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 8. Laws 2013, chapter 108, article 14, section 3, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	\$169,326,000	\$165,531,000
	<u>169,026,000</u>	<u>165,231,000</u>

Appropriations by Fund

	2014	2015
General	79,476,000	74,256,000
State Government Special Revenue	48,094,000	50,119,000
Health Care Access	29,743,000	29,143,000
Federal TANF	11,713,000	11,713,000
Special Revenue	300,000	300,000

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

Sec. 9. Laws 2013, chapter 108, article 14, section 3, subdivision 4, is amended to read:

Subd. 4. **Health Protection**

Appropriations by Fund

General	9,201,000	9,201,000
State Government Special Revenue	32,633,000	32,636,000
Special Revenue	300,000	300,000

Infectious Disease Laboratory. Of the general fund appropriation, \$200,000 in fiscal year 2014 and \$200,000 in fiscal year 2015 are to monitor infectious disease trends and investigate infectious disease outbreaks.

Surveillance for Elevated Blood Lead Levels. Of the general fund appropriation, \$100,000 in fiscal year 2014 and \$100,000 in fiscal year 2015 are for the blood lead surveillance system under Minnesota Statutes, section 144.9502.

Base Level Adjustment. The state government special revenue base is increased by \$6,000 in fiscal year 2016 and by \$13,000 in fiscal year 2017.

Sec. 10. Laws 2013, chapter 108, article 14, section 4, subdivision 8, is amended to read:

Subd. 8. Board of Nursing Home Administrators	3,742,000	2,252,000
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Administrative Services Unit - Operating Costs. Of this appropriation, \$676,000 in fiscal year 2014 and \$626,000 in fiscal year 2015 are for operating costs of the administrative services unit. The administrative services unit may receive and expend reimbursements for services performed by other agencies.

Administrative Services Unit - Volunteer Health Care Provider Program. Of this appropriation, \$150,000 in fiscal year 2014 and \$150,000 in fiscal year 2015 are to pay for medical professional liability coverage required under Minnesota Statutes, section 214.40.

Administrative Services Unit - Contested Cases and Other Legal Proceedings. Of this appropriation, \$200,000 in fiscal year 2014 and \$200,000 in fiscal year 2015 are for costs of contested case hearings and other unanticipated costs of legal proceedings involving health-related boards funded under this section. Upon certification of a health-related board to the administrative services unit that the costs will be incurred and that there is insufficient money available to pay for the costs out of money currently available to that board, the administrative services unit is authorized to transfer money from this appropriation to the board for payment of those costs with the approval of the commissioner of management and budget. This appropriation does not cancel and is available until expended.

This appropriation includes \$44,000 in fiscal year 2014 for rulemaking. This is a onetime appropriation. \$1,441,000 in fiscal year 2014 and \$420,000 in fiscal year 2015 are for the development of a shared disciplinary, regulatory, licensing, and information management system. \$391,000 in fiscal year 2014 is a onetime appropriation for retirement costs in the health-related boards. This funding may be transferred to the health boards incurring retirement costs. These funds are available either year of the biennium.

This appropriation includes \$16,000 in fiscal years 2014 and 2015 for evening security, \$2,000 in fiscal years 2014 and 2015 for a state vehicle lease, and \$18,000 in fiscal years 2014 and 2015 for shared office space and administrative support. \$205,000 in fiscal year 2014 and \$221,000 in fiscal year 2015 are for shared information technology services, equipment, and maintenance.

The remaining balance of the state government special revenue fund appropriation in Laws 2011, First Special Session chapter 9, article 10, section 8, subdivision 8, for Board of Nursing Home Administrators rulemaking, estimated to be \$44,000, is canceled, and the remaining balance of the state government special revenue fund appropriation in Laws 2011, First Special Session chapter 9, article 10, section 8, subdivision 8, for electronic licensing system adaptors, estimated to be \$761,000, and for the development and implementation of a disciplinary, regulatory, licensing, and information management system, estimated to be \$1,100,000, are canceled. This paragraph is effective the day following final enactment.

Base Adjustment. The base is decreased by \$370,000 in fiscal years 2016 and 2017.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 11. Laws 2013, chapter 108, article 14, section 12, is amended to read:

Sec. 12. **APPROPRIATION ADJUSTMENTS.**

(a) The general fund appropriation in section 2, subdivision 5, paragraph (g), includes up to \$53,391,000 in fiscal year 2014; \$216,637,000 in fiscal year 2015; \$261,660,000 in fiscal year 2016; and \$279,984,000 in fiscal year 2017, for medical assistance eligibility and administration changes related to:

(1) eligibility for children age two to 18 with income up to 275 percent of the federal poverty guidelines;

(2) eligibility for pregnant women with income up to 275 percent of the federal poverty guidelines;

(3) Affordable Care Act enrollment and renewal processes, including elimination of six-month renewals, ex parte eligibility reviews, preprinted renewal forms, changes in verification requirements, and other changes in the eligibility determination and enrollment and renewal process;

(4) automatic eligibility for children who turn 18 in foster care until they reach age 26;

(5) eligibility related to spousal impoverishment provisions for waiver recipients; and

(6) presumptive eligibility determinations by hospitals.

(b) the commissioner of human services shall determine the difference between the actual or ~~forecasted~~ estimated costs to the medical assistance program attributable to the program changes in paragraph (a), clauses (1) to (6), and the costs of paragraph (a), clauses (1) to (6), that were estimated during the 2013 legislative session based on data from the 2013 February forecast. ~~The costs in this paragraph must be calculated between January 1, 2014, and June 30, 2017.~~

(c) For each fiscal year from 2014 to 2017, the commissioner of human services shall certify the actual or ~~forecasted~~ estimated cost differences to the medical assistance program determined under paragraph (b), and report the difference in costs to the commissioner of management and budget at least four weeks prior to a forecast under Minnesota Statutes, section 16A.103. ~~No later than three weeks before the release of the forecast~~ For fiscal years 2014 to 2017, forecasts under Minnesota Statutes, section 16A.103, prepared by the commissioner of management and budget shall ~~reduce~~ include actual or estimated adjustments to the health care access fund appropriation in section 2, subdivision 5, paragraph (g), ~~by the cumulative difference in costs determined in~~ according to paragraph (b) ~~(d)~~. ~~If for any fiscal year, the amount of the cumulative cost differences determined under paragraph (b) is positive, no adjustment shall be made to the health care access fund appropriation. If for any fiscal year, the amount of the cumulative cost differences determined under paragraph (b) is less than the original appropriation, the appropriation for that fiscal year is zero.~~

(d) For each fiscal year from 2014 to 2017, the commissioner of management and budget must adjust the health care access fund appropriation by the cumulative difference in costs reported by the commissioner of human services under paragraph (b). If, for any fiscal year, the amount of the cumulative difference in costs determined under paragraph (b) is positive, no adjustment shall be made to the health care access fund appropriation.

(e) This section expires on January 1, 2018.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 12. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language in this article expires on June 30, 2015, unless a different expiration date is specified.

ARTICLE 8
HUMAN SERVICES FORECAST ADJUSTMENT

Section 1. **HUMAN SERVICES APPROPRIATION.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2013, chapter 108, article 14, from the general fund or any fund named to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal years ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

		<u>APPROPRIATIONS</u>	
		<u>Available for the Year</u>	
		<u>Ending June 30</u>	
		<u>2014</u>	<u>2015</u>
Sec. 2. <u>COMMISSIONER OF HUMAN SERVICES</u>			
Subdivision 1. <u>Total Appropriation</u>			
		<u>\$(196,927)</u>	<u>\$64,288</u>
<u>Appropriations by Fund</u>			
<u>General Fund</u>	<u>(153,497)</u>	<u>(25,282)</u>	
<u>Health Care Access Fund</u>	<u>(36,533)</u>	<u>91,294</u>	
<u>Federal TANF</u>	<u>(6,897)</u>	<u>(1,724)</u>	
Subd. 2. <u>Forecasted Programs</u>			
(a) <u>MFIP/DWP</u>			
<u>Appropriations by Fund</u>			
<u>General Fund</u>	<u>3,571</u>	<u>173</u>	
<u>Federal TANF</u>	<u>(6,475)</u>	<u>(1,298)</u>	
(b) <u>MFIP Child Care Assistance</u>		<u>(684)</u>	<u>11,114</u>
(c) <u>General Assistance</u>		<u>(2,569)</u>	<u>(1,940)</u>
(d) <u>Minnesota Supplemental Aid</u>		<u>(690)</u>	<u>(614)</u>
(e) <u>Group Residential Housing</u>		<u>250</u>	<u>(1,740)</u>
(f) <u>MinnesotaCare</u>		<u>(34,838)</u>	<u>96,340</u>

These appropriations are from the health care access fund.

(g) Medical AssistanceAppropriations by Fund

General Fund	(149,494)	(27,075)
Health Care Access Fund	(1,695)	(5,046)

(h) <u>Alternative Care Program</u>	(6,936)	(13,260)
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(i) <u>CCDTF Entitlements</u>	3,055	8,060
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Subd. 3. <u>Technical Activities</u>	(422)	(426)
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These appropriations are from the federal TANF fund.

Sec. 3. Laws 2013, chapter 108, article 14, section 2, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	\$6,438,485,000	\$6,457,117,000
	<u>6,437,815,000</u>	<u>6,456,311,000</u>

Appropriations by Fund

	2014	2015
General	5,654,765,000	5,677,458,000
	<u>5,654,095,000</u>	<u>5,676,652,000</u>
State Government Special		
Revenue	4,099,000	4,510,000
Health Care Access	519,816,000	518,446,000
Federal TANF	257,915,000	254,813,000
Lottery Prize Fund	1,890,000	1,890,000

Receipts for Systems Projects. Appropriations and federal receipts for information systems projects for MAXIS, PRISM, MMIS, and SSIS must be deposited in the state system account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the commissioner of Minnesota information technology services, funded by the legislature, and approved by the commissioner of management and budget, may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

Nonfederal Share Transfers. The nonfederal share of activities for which federal administrative reimbursement is appropriated to the commissioner may be transferred to the special revenue fund.

ARRA Supplemental Nutrition Assistance Benefit Increases. The funds provided for food support benefit increases under the Supplemental Nutrition Assistance Program provisions of the American Recovery and Reinvestment Act (ARRA) of 2009 must be used for benefit increases beginning July 1, 2009.

Supplemental Nutrition Assistance Program Employment and Training.

(1) Notwithstanding Minnesota Statutes, sections 256D.051, subdivisions 1a, 6b, and 6c, and 256J.626, federal Supplemental Nutrition Assistance employment and training funds received as reimbursement of MFIP consolidated fund grant expenditures for diversionary work program participants and child care assistance program expenditures must be deposited in the general fund. The amount of funds must be limited to \$4,900,000 per year in fiscal years 2014 and 2015, and to \$4,400,000 per year in fiscal years 2016 and 2017, contingent on approval by the federal Food and Nutrition Service.

(2) Consistent with the receipt of the federal funds, the commissioner may adjust the level of working family credit expenditures claimed as TANF maintenance of effort. Notwithstanding any contrary provision in this article, this rider expires June 30, 2017.

TANF Maintenance of Effort. (a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1, the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF/MOE expenditures:

(1) MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;

(5) expenditures made on behalf of legal noncitizen MFIP recipients who qualify for the MinnesotaCare program under Minnesota Statutes, chapter 256L;

(6) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671;

(7) qualifying Minnesota education credit expenditures under Minnesota Statutes, section 290.0674; and

(8) qualifying Head Start expenditures under Minnesota Statutes, section 119A.50.

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF/MOE requirements. For the activities listed in paragraph (a), clauses (2) to (8), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) For fiscal years beginning with state fiscal year 2003, the commissioner shall ensure that the maintenance of effort used by the commissioner of management and budget for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a), clause (1), equal to at least 16 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

(d) The requirement in Minnesota Statutes, section 256.011, subdivision 3, that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law, do not apply if the grants or aids are federal TANF funds.

(e) For the federal fiscal years beginning on or after October 1, 2007, the commissioner may not claim an amount of TANF/MOE in excess of the 75 percent standard in Code of Federal Regulations, title 45, section 263.1(a)(2), except:

(1) to the extent necessary to meet the 80 percent standard under Code of Federal Regulations, title 45, section 263.1(a)(1), if it is determined by the commissioner that the state will not meet the TANF work participation target rate for the current year;

(2) to provide any additional amounts under Code of Federal Regulations, title 45, section 264.5, that relate to replacement of TANF funds due to the operation of TANF penalties; and

(3) to provide any additional amounts that may contribute to avoiding or reducing TANF work participation penalties through the operation of the excess MOE provisions of Code of Federal Regulations, title 45, section 261.43 (a)(2).

For the purposes of clauses (1) to (3), the commissioner may supplement the MOE claim with working family credit expenditures or other qualified expenditures to the extent such expenditures are otherwise available after considering the expenditures allowed in this subdivision and subdivisions 2 and 3.

(f) Notwithstanding any contrary provision in this article, paragraphs (a) to (e) expire June 30, 2017.

Working Family Credit Expenditures as TANF/MOE. The commissioner may claim as TANF maintenance of effort up to \$6,707,000 per year of working family credit expenditures in each fiscal year.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 4. Laws 2013, chapter 108, article 14, section 2, subdivision 4, as amended by Laws 2013, chapter 144, section 24, is amended to read:

Subd. 4. **Central Office**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Operations

Appropriations by Fund

General	101,979,000	96,858,000
State Government Special Revenue	3,974,000	4,385,000
Health Care Access	13,177,000	13,004,000
Federal TANF	100,000	100,000

DHS Receipt Center Accounting. The commissioner is authorized to transfer appropriations to, and account for DHS receipt center operations in, the special revenue fund.

Administrative Recovery; Set-Aside. The commissioner may invoice local entities through the SWIFT accounting system as an alternative means to recover the actual cost of administering the following provisions:

- (1) Minnesota Statutes, section 125A.744, subdivision 3;
- (2) Minnesota Statutes, section 245.495, paragraph (b);
- (3) Minnesota Statutes, section 256B.0625, subdivision 20, paragraph (k);
- (4) Minnesota Statutes, section 256B.0924, subdivision 6, paragraph (g);
- (5) Minnesota Statutes, section 256B.0945, subdivision 4, paragraph (d); and
- (6) Minnesota Statutes, section 256F.10, subdivision 6, paragraph (b).

Systems Modernization. The following amounts are appropriated for transfer to the state systems account authorized in Minnesota Statutes, section 256.014:

- (1) \$1,825,000 in fiscal year 2014 and \$2,502,000 in fiscal year 2015 is for the state share of Medicaid-allocated costs of the health insurance exchange information technology and operational structure. The funding base is \$3,222,000 in fiscal year 2016 and \$3,037,000 in fiscal year 2017 but shall not be included in the base thereafter; and

(2) \$9,344,000 in fiscal year 2014 and \$3,660,000 in fiscal year 2015 are for the modernization and streamlining of agency eligibility and child support systems. The funding base is \$5,921,000 in fiscal year 2016 and \$1,792,000 in fiscal year 2017 but shall not be included in the base thereafter.

The unexpended balance of the \$9,344,000 appropriation in fiscal year 2014 and the \$3,660,000 appropriation in fiscal year 2015 must be transferred from the Department of Human Services state systems account to the Office of Enterprise Technology when the Office of Enterprise Technology has negotiated a federally approved internal service fund rates and billing process with sufficient internal accounting controls to properly maximize federal reimbursement to Minnesota for human services system modernization projects, but not later than June 30, 2015.

If contingent funding is fully or partially disbursed under article 15, section 3, and transferred to the state systems account, the unexpended balance of that appropriation must be transferred to the Office of Enterprise Technology in accordance with this clause. Contingent funding must not exceed \$11,598,000 for the biennium.

Base Adjustment. The general fund base is increased by \$2,868,000 in fiscal year 2016 and decreased by \$1,206,000 in fiscal year 2017. The health access fund base is decreased by \$551,000 in fiscal years 2016 and 2017. The state government special revenue fund base is increased by \$4,000 in fiscal year 2016 and decreased by \$236,000 in fiscal year 2017.

(b) Children and Families

Appropriations by Fund

General	8,023,000	8,015,000
Federal TANF	2,282,000	2,282,000

Financial Institution Data Match and Payment of Fees. The commissioner is authorized to allocate up to \$310,000 each year in fiscal years 2014 and 2015 from the PRISM special revenue account to make payments to financial institutions in exchange for performing data matches between account information held by financial institutions and the public authority's database of child support obligors as authorized by Minnesota Statutes, section 13B.06, subdivision 7.

Base Adjustment. The general fund base is decreased by \$300,000 in fiscal years 2016 and 2017. The TANF fund base is increased by \$300,000 in fiscal years 2016 and 2017.

(c) Health Care

Appropriations by Fund

General	14,028,000	13,826,000
Health Care Access	28,442,000	31,137,000

Base Adjustment. The general fund base is decreased by \$86,000 in fiscal year 2016 and by \$86,000 in fiscal year 2017. The health care access fund base is increased by \$6,954,000 in fiscal year 2016 and by \$5,489,000 in fiscal year 2017.

(d) Continuing Care

Appropriations by Fund

General	20,993,000	22,359,000
State Government Special Revenue	125,000	125,000

Base Adjustment. The general fund base is increased by \$1,690,000 in fiscal year 2016 and by \$798,000 in fiscal year 2017.

(e) Chemical and Mental Health

Appropriations by Fund

General	4,639,000	4,490,000
	<u>4,571,000</u>	<u>4,431,000</u>
Lottery Prize Fund	157,000	157,000

~~Of the general fund appropriation, \$68,000 in fiscal year 2014 and \$59,000 in fiscal year 2015 are for compulsive gambling treatment under Minnesota Statutes, section 297E.02, subdivision 3, paragraph (c).~~

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 5. Laws 2013, chapter 108, article 14, section 2, subdivision 6, as amended by Laws 2013, chapter 144, section 25, is amended to read:

Subd. 6. **Grant Programs**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Support Services Grants

Appropriations by Fund

General	8,915,000	13,333,000
Federal TANF	94,611,000	94,611,000

Paid Work Experience. \$2,168,000 each year in fiscal years 2015 and 2016 is from the general fund for paid work experience for long-term MFIP recipients. Paid work includes full and partial wage subsidies and other related services such as job development, marketing, preworksite training, job coaching, and postplacement services. These are onetime appropriations. Unexpended funds for fiscal year 2015 do not cancel, but are available to the commissioner for this purpose in fiscal year 2016.

Work Study Funding for MFIP Participants. \$250,000 each year in fiscal years 2015 and 2016 is from the general fund to pilot work study jobs for MFIP recipients in approved postsecondary education programs. This is a onetime appropriation. Unexpended funds for fiscal year 2015 do not cancel, but are available for this purpose in fiscal year 2016.

Local Strategies to Reduce Disparities. \$2,000,000 each year in fiscal years 2015 and 2016 is from the general fund for local projects that focus on services for subgroups within the MFIP caseload who are experiencing poor employment outcomes. These are onetime appropriations. Unexpended funds for fiscal year 2015 do not cancel, but are available to the commissioner for this purpose in fiscal year 2016.

Home Visiting Collaborations for MFIP Teen Parents. \$200,000 per year in fiscal years 2014 and 2015 is from the general fund and \$200,000 in fiscal year 2016 is from the federal TANF fund for technical assistance and training to support local collaborations that provide home visiting services for MFIP teen parents. The general fund appropriation is onetime. The federal TANF fund appropriation is added to the base.

Performance Bonus Funds for Counties. The TANF fund base is increased by \$1,500,000 each year in fiscal years 2016 and 2017. The commissioner must allocate this amount each year to counties that exceed their expected range of performance on the annualized three-year self-support index as defined in Minnesota Statutes, section 256J.751, subdivision 2, clause (6). This is a permanent base adjustment. Notwithstanding any contrary provisions in this article, this provision expires June 30, 2016.

Base Adjustment. The general fund base is decreased by \$200,000 in fiscal year 2016 and \$4,618,000 in fiscal year 2017. The TANF fund base is increased by \$1,700,000 in fiscal years 2016 and 2017.

(b) Basic Sliding Fee Child Care Assistance Grants

36,836,000

42,318,000

Base Adjustment. The general fund base is increased by \$3,778,000 in fiscal year 2016 and by \$3,849,000 in fiscal year 2017.

(c) Child Care Development Grants	1,612,000	1,737,000
(d) Child Support Enforcement Grants	50,000	50,000

Federal Child Support Demonstration Grants. Federal administrative reimbursement resulting from the federal child support grant expenditures authorized under United States Code, title 42, section 1315, is appropriated to the commissioner for this activity.

(e) Children's Services Grants

Appropriations by Fund

General	49,760,000	52,961,000
Federal TANF	140,000	140,000

Adoption Assistance and Relative Custody Assistance. \$37,453,000 in fiscal year 2014 and \$37,453,000 in fiscal year 2015 is for the adoption assistance and relative custody assistance programs. The commissioner shall determine with the commissioner of Minnesota Management and Budget the appropriation for Northstar Care for Children effective January 1, 2015. The commissioner may transfer appropriations for adoption assistance, relative custody assistance, and Northstar Care for Children between fiscal years and among programs to adjust for transfers across the programs.

Title IV-E Adoption Assistance. Additional federal reimbursements to the state as a result of the Fostering Connections to Success and Increasing Adoptions Act's expanded eligibility for Title IV-E adoption assistance are appropriated for postadoption services, including a parent-to-parent support network.

Privatized Adoption Grants. Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

Adoption Assistance Incentive Grants. Federal funds available during fiscal years 2014 and 2015 for adoption incentive grants are appropriated for postadoption services, including a parent-to-parent support network.

Base Adjustment. The general fund base is increased by \$5,913,000 in fiscal year 2016 and by \$10,297,000 in fiscal year 2017.

(f) Child and Community Service Grants	53,301,000	53,301,000
(g) Child and Economic Support Grants	21,047,000	20,848,000

Minnesota Food Assistance Program. Unexpended funds for the Minnesota food assistance program for fiscal year 2014 do not cancel but are available for this purpose in fiscal year 2015.

Transitional Housing. \$250,000 each year is for the transitional housing programs under Minnesota Statutes, section 256E.33.

Emergency Services. \$250,000 each year is for emergency services grants under Minnesota Statutes, section 256E.36.

Family Assets for Independence. \$250,000 each year is for the Family Assets for Independence Minnesota program. This appropriation is available in either year of the biennium and may be transferred between fiscal years.

Food Shelf Programs. \$375,000 in fiscal year 2014 and \$375,000 in fiscal year 2015 are for food shelf programs under Minnesota Statutes, section 256E.34. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. Notwithstanding Minnesota Statutes, section 256E.34, subdivision 4, no portion of this appropriation may be used by Hunger Solutions for its administrative expenses, including but not limited to rent and salaries.

Homeless Youth Act. \$2,000,000 in fiscal year 2014 and \$2,000,000 in fiscal year 2015 is for purposes of Minnesota Statutes, section 256K.45.

Safe Harbor Shelter and Housing. \$500,000 in fiscal year 2014 and \$500,000 in fiscal year 2015 is for a safe harbor shelter and housing fund for housing and supportive services for youth who are sexually exploited.

(h) Health Care Grants

Appropriations by Fund

General	190,000	190,000
Health Care Access	190,000	190,000

Emergency Medical Assistance Referral and Assistance Grants. (a) The commissioner of human services shall award grants to nonprofit programs that provide immigration legal services based on indigency to provide legal services for immigration assistance to individuals with emergency medical conditions or complex and chronic health conditions who are not currently eligible for medical assistance or other public health care programs, but who may meet eligibility requirements with immigration assistance.

(b) The grantees, in collaboration with hospitals and safety net providers, shall provide referral assistance to connect individuals identified in paragraph (a) with alternative resources and services to assist in meeting their health care needs. \$100,000 is appropriated in fiscal year 2014 and \$100,000 in fiscal year 2015. This is a onetime appropriation.

Base Adjustment. The general fund is decreased by \$100,000 in fiscal year 2016 and \$100,000 in fiscal year 2017.

(i) Aging and Adult Services Grants 14,827,000 15,010,000

Base Adjustment. The general fund is increased by \$1,150,000 in fiscal year 2016 and \$1,151,000 in fiscal year 2017.

Community Service Development Grants and Community Services Grants. Community service development grants and community services grants are reduced by \$1,150,000 each year. This is a onetime reduction.

(j) Deaf and Hard-of-Hearing Grants 1,771,000 1,785,000

(k) Disabilities Grants 18,605,000 18,823,000

Advocating Change Together. \$310,000 in fiscal year 2014 is for a grant to Advocating Change Together (ACT) to maintain and promote services for persons with intellectual and developmental disabilities throughout the state. This appropriation is onetime. Of this appropriation:

(1) \$120,000 is for direct costs associated with the delivery and evaluation of peer-to-peer training programs administered throughout the state, focusing on education, employment, housing, transportation, and voting;

(2) \$100,000 is for delivery of statewide conferences focusing on leadership and skill development within the disability community; and

(3) \$90,000 is for administrative and general operating costs associated with managing or maintaining facilities, program delivery, staff, and technology.

Base Adjustment. The general fund base is increased by \$535,000 in fiscal year 2016 and by \$709,000 in fiscal year 2017.

(l) Adult Mental Health Grants

Appropriations by Fund

General	71,199,000	69,530,000
	<u>70,597,000</u>	<u>68,783,000</u>
Health Care Access	750,000	750,000
Lottery Prize	1,733,000	1,733,000

~~**Compulsive Gambling Treatment.** Of the general fund appropriation, \$602,000 in fiscal year 2014 and \$747,000 in fiscal year 2015 are for compulsive gambling treatment under Minnesota Statutes, section 297E.02, subdivision 3, paragraph (e).~~

Problem Gambling. \$225,000 in fiscal year 2014 and \$225,000 in fiscal year 2015 is appropriated from the lottery prize fund for a grant to the state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling.

Funding Usage. Up to 75 percent of a fiscal year's appropriations for adult mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

Base Adjustment. The general fund base is decreased by ~~\$4,427,000~~ \$4,441,000 in fiscal years 2016 and 2017.

Mental Health Pilot Project. \$230,000 each year is for a grant to the Zumbro Valley Mental Health Center. The grant shall be used to implement a pilot project to test an integrated behavioral health care coordination model. The grant recipient must report measurable outcomes and savings to the commissioner of human services by January 15, 2016. This is a onetime appropriation.

High-risk adults. \$200,000 in fiscal year 2014 is for a grant to the nonprofit organization selected to administer the demonstration project for high-risk adults under Laws 2007, chapter 54, article 1, section 19, in order to complete the project. This is a onetime appropriation.

(m) Child Mental Health Grants

18,246,000

20,636,000

Text Message Suicide Prevention Program. \$625,000 in fiscal year 2014 and \$625,000 in fiscal year 2015 is for a grant to a nonprofit organization to establish and implement a statewide text message suicide prevention program. The program shall implement a suicide prevention counseling text line designed to use text messaging to connect with crisis counselors and to obtain emergency information and referrals to local resources in the local community. The program shall include training within schools and communities to encourage the use of the program.

Mental Health First Aid Training. \$22,000 in fiscal year 2014 and \$23,000 in fiscal year 2015 is to train teachers, social service personnel, law enforcement, and others who come into contact with children with mental illnesses, in children and adolescents mental health first aid training.

Funding Usage. Up to 75 percent of a fiscal year's appropriation for child mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

(n) CD Treatment Support Grants

1,816,000

1,816,000

SBIRT Training. (1) \$300,000 each year is for grants to train primary care clinicians to provide substance abuse brief intervention and referral to treatment (SBIRT). This is a onetime appropriation. The commissioner of human services shall apply to SAMHSA for an SBIRT professional training grant.

(2) If the commissioner of human services receives a grant under clause (1) funds appropriated under this clause, equal to the grant amount, up to the available appropriation, shall be transferred to the Minnesota Organization on Fetal Alcohol Syndrome (MOFAS). MOFAS must use the funds for grants. Grant recipients must be selected from communities that are not currently served by federal Substance Abuse Prevention and Treatment Block Grant funds. Grant money must be used to reduce the rates of fetal alcohol syndrome and fetal alcohol effects, and the number of drug-exposed infants. Grant money may be used for prevention and intervention services and programs, including, but not limited to, community grants, professional education, public awareness, and diagnosis.

Fetal Alcohol Syndrome Grant. \$180,000 each year from the general fund is for a grant to the Minnesota Organization on Fetal Alcohol Syndrome (MOFAS) to support nonprofit Fetal Alcohol Spectrum Disorders (FASD) outreach prevention programs in Olmsted County. This is a onetime appropriation.

Base Adjustment. The general fund base is decreased by \$480,000 in fiscal year 2016 and \$480,000 in fiscal year 2017.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 6. **EFFECTIVE DATE.**

Sections 1 and 2 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; making adjustments to health and human services appropriations; making changes to provisions governing the Department of Health, Department of Human Services, Northstar Care for Children program, continuing care, community first services and supports, health care, public assistance programs, and chemical dependency; modifying the hospital payment system; modifying provisions governing background studies and home and community-based services standards; modifying rulemaking authority; setting fees; providing rate increases; establishing grant programs; modifying medical assistance provisions; modifying the use of positive support strategies and emergency manual restraint; requiring certain studies and reports; appropriating money; amending Minnesota Statutes 2012, sections 13.46, subdivision 4; 144.0724, as amended;

144.551, subdivision 1; 245C.03, by adding a subdivision; 245C.04, by adding a subdivision; 245C.05, subdivision 5; 245C.10, by adding a subdivision; 245C.33, subdivisions 1, 4; 252.451, subdivision 2; 254B.12; 256.01, by adding a subdivision; 256.9685, subdivisions 1, 1a; 256.9686, subdivision 2; 256.969, subdivisions 1, 2, 2b, 2c, 3a, 3b, 3c, 6a, 9, 10, 14, 17, 30, by adding subdivisions; 256.9752, subdivision 2; 256B.04, by adding a subdivision; 256B.0625, subdivision 30; 256B.0751, by adding a subdivision; 256B.199; 256B.35, subdivision 1; 256B.441, by adding a subdivision; 256B.5012, by adding a subdivision; 256I.04, subdivision 2b; 256I.05, subdivision 2; 256J.49, subdivision 13; 256J.53, subdivisions 1, 2, 5; 256J.531; 257.85, subdivision 11; 260C.212, subdivision 1; 260C.515, subdivision 4; 260C.611; Minnesota Statutes 2013 Supplement, sections 16A.724, subdivision 2; 145.4716, subdivision 2; 245.8251; 245A.03, subdivision 7; 245A.042, subdivision 3; 245A.16, subdivision 1; 245C.08, subdivision 1; 245D.02, subdivisions 3, 4b, 8b, 11, 15b, 29, 34, 34a, by adding a subdivision; 245D.03, subdivisions 1, 2, 3, by adding a subdivision; 245D.04, subdivision 3; 245D.05, subdivisions 1, 1a, 1b, 2, 4, 5; 245D.051; 245D.06, subdivisions 1, 2, 4, 6, 7, 8; 245D.071, subdivisions 3, 4, 5; 245D.081, subdivision 2; 245D.09, subdivisions 3, 4a; 245D.091, subdivisions 2, 3, 4; 245D.10, subdivisions 3, 4; 245D.11, subdivision 2; 256B.04, subdivision 21; 256B.056, subdivision 5c; 256B.0949, subdivision 4; 256B.439, subdivisions 1, 7; 256B.441, subdivision 53; 256B.4912, subdivision 1; 256B.492; 256B.69, subdivision 34; 256B.85, subdivisions 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 23, 24, by adding subdivisions; 256N.22, subdivisions 1, 2, 4; 256N.23, subdivision 4; 256N.25, subdivisions 2, 3; 256N.26, subdivision 1; 256N.27, subdivision 4; Laws 2013, chapter 1, section 6, as amended; Laws 2013, chapter 108, article 3, section 48; article 7, sections 14; 49; article 14, sections 2, subdivisions 1, 4, as amended, 5, 6, as amended, 6; 3, subdivisions 1, 4; 4, subdivision 8; 12; proposing coding for new law in Minnesota Statutes, chapters 144; 144A; repealing Minnesota Statutes 2012, sections 256.969, subdivisions 8b, 9a, 9b, 11, 13, 20, 21, 22, 25, 26, 27, 28; 256.9695, subdivisions 3, 4; Minnesota Statutes 2013 Supplement, section 256N.26, subdivision 7."

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

The report was adopted.

Hornstein from the Committee on Transportation Finance to which was referred:

H. F. No. 2201, A bill for an act relating to transportation; motor carriers; amending various provisions governing registration and identification; making technical changes; amending Minnesota Statutes 2012, sections 168.185; 168.187, subdivision 12; 168D.07.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Hornstein from the Committee on Transportation Finance to which was referred:

H. F. No. 2214, A bill for an act relating to transportation; making technical changes to provisions affecting the Department of Transportation; clarifying contracting requirements; modifying U-turn rules; providing bridge inspection authority in certain instances; modifying reporting requirements; modifying appropriations; amending Minnesota Statutes 2012, sections 16A.124, subdivision 5; 161.32, subdivision 5; 162.06, subdivision 1; 162.081, subdivision 4; 162.12, subdivision 1; 165.03, subdivision 3; 165.12, subdivision 1; 169.19, subdivision 2; 169.781, subdivision 10; 169.782, subdivision 4; 169.865, subdivision 2; 171.02, subdivision 2; 171.03; 174.37, subdivision 6; 221.031, by adding subdivisions; Minnesota Statutes 2013 Supplement, sections 161.44, subdivision 1a; 169.19, subdivision 1; 174.12, subdivision 2; Laws 2010, chapter 189, sections 15, subdivision 12; 26, subdivision 4; Laws 2012, chapter 287, article 2, sections 1; 3; Laws 2012, First Special Session chapter 1, article 1, section 28; Laws 2013, chapter 127, section 67; repealing Minnesota Statutes 2012, section 161.115, subdivision 240; Minnesota Statutes 2013 Supplement, section 221.0314, subdivision 9a.

Reported the same back with the following amendments:

Page 2, delete section 3 and insert:

"Sec. 3. Minnesota Statutes 2013 Supplement, section 161.44, subdivision 1a, is amended to read:

Subd. 1a. **Periodic review.** (a) The commissioner is encouraged to examine all real property owned by the state and under the custodial control of the department to decide whether any real property may be suitable for sale or some other means of disposal.

(b) The commissioner may not sell or otherwise dispose of property under this subdivision unless:

(1) an analysis has been performed ~~of that examines~~ suitability of the property, or a portion of the property, for bicycle or pedestrian facilities, which must take into account (i) any relevant nonmotorized transportation plans, or (ii) in the absence of such plans, demographic and development factors affecting the region; and

(2) the analysis demonstrates that either of the following applies:

(i) the property is not reasonably suitable for bicycle or pedestrian facilities, and ~~(ii)~~ there is not a likelihood of bicycle or pedestrian facility development involving the property; or

(ii) the use of the property for bicycle or pedestrian facilities is protected by deed restriction, easement, agreement, or other means.

(c) The commissioner shall report the findings under paragraph (a) to the house of representatives and senate committees with jurisdiction over transportation policy and finance by March 1 of each odd-numbered year. The report may be submitted electronically, ~~and is subject to section 3.195, subdivision 1.~~

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

The report was adopted.

Wagenius from the Committee on Environment, Natural Resources and Agriculture Finance to which was referred:

H. F. No. 2301, A bill for an act relating to state lands; modifying disposition of certain land and revenue; modifying requirement for commissioner's approval of certain land sales; adding to and deleting from state forests and recreation areas; authorizing public and private sales, conveyances, and exchanges of certain state lands; merging certain state parks; authorizing purchase of Brainerd Dam; amending Minnesota Statutes 2012, sections 89.022; 282.01, subdivision 3; 282.011, subdivision 1; 282.02; 459.06, subdivisions 1, 3; 477A.17; Minnesota Statutes 2013 Supplement, section 85.012, subdivision 38a; repealing Minnesota Statutes 2012, section 85.012, subdivision 53a.

Reported the same back with the following amendments:

Page 17, after line 21, insert:

"Sec. 30. **PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; LAKE COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Lake County may sell the tax-forfeited lands bordering public water that are described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

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

(c) The lands to be sold are located in Lake County and are described as:

(1) part of the Northwest Quarter of the Southeast Quarter, Section 33, Township 55, Range 11 (25-5511-33791); and

(2) the Northeast Quarter of the Northwest Quarter, Section 31, Township 64, Range 11 (28-6411-31250).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership."

Page 17, after line 21, insert:

"Sec. 31. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; LAKE OF THE WOODS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Lake of the Woods County may sell the tax-forfeited lands bordering public water that are described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(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 lands to be sold are located in Lake of the Woods County and are described as:

(1) Lot 20 and part of Lot 9, Auditors Plat #2, Section 18, Township 161, Range 33 (PIN No. 62.51.00.200); and

(2) part of the Southeast Quarter of the Southeast Quarter, Section 5, Township 159, Range 31 (PIN No. 37.05.44.000).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership."

Page 24, line 3, delete "40" and insert "42"

Renumber the sections in sequence and correct the internal references

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

The report was adopted.

Mahoney from the Committee on Jobs and Economic Development Finance and Policy to which was referred:

H. F. No. 2384, A bill for an act relating to economic development; extending the Allina Health systems extended employment services authorization; amending Laws 2013, chapter 85, article 1, section 3, subdivision 6.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 2386, A bill for an act relating to judiciary; modifying filing of petition for relief from conviction; eliminating reimbursement report by Board of Public Defenders; modifying notice to offender for restitution; amending Minnesota Statutes 2012, sections 590.02, subdivision 3; 611.20, subdivision 3; 611A.045, subdivision 3.

Reported the same back with the following amendments:

Page 1, line 10, after "attorney" insert "with proof of service on the attorney general and county attorney"

Page 1, delete section 2

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete everything before "modifying"

Correct the title numbers accordingly

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

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 2463, A bill for an act relating to campaign finance; requiring that certain political contributions be made from funds subject to the individual income tax; amending Minnesota Statutes 2012, section 10A.27, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 211B.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 2481, A bill for an act relating to public safety; pupil transportation; requiring seat belt cutters in type III vehicles; requiring school bus drivers to conduct post-trip inspections; modifying reporting and cancellation requirements for bus endorsements; providing penalties; amending Minnesota Statutes 2012, sections 169.443, subdivision 7, by adding a subdivision; 169.451, subdivision 4, by adding a subdivision; 169.454, by adding a subdivision; 169.4582, by adding a subdivision; 171.02, subdivision 2b; 171.3215, subdivisions 1, 2.

Reported the same back with the following amendments:

Page 1, line 11, delete "paragraph (b)."

Page 1, delete section 2 and insert:

"Sec. 2. Minnesota Statutes 2012, section 169.443, is amended by adding a subdivision to read:

Subd. 10. Post-trip inspection. (a) As used in this subdivision, "immediate vicinity" means within 50 feet of the school bus and within a direct, unobstructed line of sight.

(b) Within ten minutes following completion of each trip and before leaving the immediate vicinity, each driver shall complete an interior post-trip inspection of the bus to ensure no student or students are left unattended. A violation of this section is a petty misdemeanor.

(c) If the court determines that a violation of paragraph (b) resulted in a child being left unattended in a school bus, the court shall ensure that section 631.40, subdivision 1a is complied with."

Page 2, line 16, after "any" insert "known"

Page 2, line 17, delete everything after the first period and insert "Section 169.89, subdivision 1, does not apply to a violation of this subdivision."

Page 5, line 8, delete "paragraph (b)" and insert "if, as a result, a child is left unattended in the school bus"

Page 6, line 8, delete "paragraph (b)," and insert "that results in a child being left unattended in the school bus"

Page 6, after line 13, insert:

"Sec. 10. Minnesota Statutes 2012, section 631.40, subdivision 1a, is amended to read:

Subd. 1a. Certified copy of disqualifying offense convictions sent to public safety and school districts. When a person is convicted of committing a disqualifying offense, as defined in section 171.3215, subdivision 1, a gross misdemeanor, a fourth moving violation within the previous three years, a violation of section 169.443, subdivision 10, that results in a child being left unattended in a school bus, or a violation of section 169A.20, or a similar statute or ordinance from another state, the court shall determine whether the offender is a school bus driver as defined in section 171.3215, subdivision 1, whether the offender possesses a school bus driver's endorsement on the offender's driver's license and in what school districts the offender drives a school bus. If the offender is a school bus driver or possesses a school bus driver's endorsement, the court administrator shall send a certified copy of the conviction to the Department of Public Safety and to the school districts in which the offender drives a school bus within ten days after the conviction."

Renumber the sections in sequence

Correct the title numbers accordingly

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

The report was adopted.

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 2574, A bill for an act relating to public safety; modifying and clarifying predatory offender registration requirements; clarifying sentence for crime of criminal sexual conduct in the third degree; amending Minnesota Statutes 2012, section 609.344, subdivisions 1, 2; Minnesota Statutes 2013 Supplement, section 243.166, subdivisions 1b, 3a, 4, 6.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Atkins from the Committee on Commerce and Consumer Protection Finance and Policy to which was referred:

H. F. No. 2603, A bill for an act relating to energy; modifying permissible administrative expenses for disbursement of supplemental low-income home energy assistance; appropriating money for the weatherization assistance program; amending Laws 2014, chapter 145, section 1.

Reported the same back with the following amendments:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 2012, section 216C.145, is amended to read:

216C.145 MICROENERGY COMMUNITY ENERGY EFFICIENCY AND RENEWABLE ENERGY LOAN PROGRAM.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "~~Small-scale~~ Community energy efficiency and renewable energy" projects include solar thermal water heating, solar electric or photovoltaic equipment, small wind energy conversion systems of less than 250 kW, anaerobic digester gas systems, microhydro systems up to 100 kW, ~~and~~ heating and cooling applications using ~~geothermal energy~~ solar thermal or ground source technology, and industrial, commercial, or public energy efficiency projects.

(c) "Unit of local government" means any home rule charter or statutory city, county, commission, district, authority, or other political subdivision or instrumentality of this state, including a sanitary district, park district, the Metropolitan Council, a port authority, an economic development authority, or a housing and redevelopment authority.

Subd. 2. **Program established.** The commissioner of commerce shall develop, implement, and administer a ~~microenergy~~ community energy efficiency and renewable energy loan program under this section.

Subd. 3. **Loan purposes.** (a) The commissioner may issue low-interest, long-term loans to units of local government to:

(1) finance community-owned or publicly owned ~~small-scale~~ renewable energy systems or ~~to~~ cost-effective energy efficiency improvements to public buildings;

(2) provide loans or other aids to small businesses to install ~~small-scale~~ renewable energy systems; or

(3) provide loans or other aids to industrial or commercial businesses for cost-effective energy efficiency projects or to install renewable energy systems.

(b) The commissioner may participate in loans made by the Housing Finance Agency to residential property owners, private developers, nonprofit organizations, or units of local government under sections 462A.05, subdivisions 14 and 18; and 462A.33 for the construction, purchase, or rehabilitation of residential housing to facilitate the installation of ~~small-scale~~ renewable energy systems in residential housing and cost-effective energy conservation improvements identified in an energy efficiency audit. The commissioner shall assist the Housing Finance Agency in assessing the technical qualifications of loan applicants.

Subd. 4. **Technical standards.** The commissioner shall determine technical standards for ~~small-scale renewable energy systems~~ community energy efficiency and renewable energy projects to qualify for loans under this section.

Subd. 5. **Loan proposals.** (a) At least once a year, the commissioner shall publish in the State Register a request for proposals from units of local government for a loan under this section. Within 45 days after the deadline for receipt of proposals, the commissioner shall select proposals based on the following criteria:

(1) the reliability and cost-effectiveness of the renewable or energy efficiency technology to be installed under the proposal;

(2) the extent to which the proposal effectively integrates with the conservation and energy efficiency programs or goals of the energy utilities serving the proposer;

(3) the total life cycle energy use and greenhouse gas emissions reductions per dollar of installed cost;

(4) the diversity of the renewable energy or energy efficiency technology installed under the proposal;

(5) the geographic distribution of projects throughout the state;

(6) the percentage of total project cost requested;

(7) the proposed security for payback of the loan; and

(8) other criteria the commissioner may determine to be necessary and appropriate.

Subd. 6. **Loan terms.** A loan under this section must be issued at the lowest interest rate required to recover principal and interest plus the costs of issuing the loan, and must be for a minimum of 15 years, unless the commissioner determines that a shorter loan period of no less than ~~ten~~ five years is necessary and feasible.

Subd. 7. **Account.** A ~~microenergy~~ community energy efficiency renewable energy loan account is established in the state treasury. Money in the account consists of the proceeds of revenue bonds issued under section 216C.146, interest and other earnings on money in the account, money received in repayment of loans from the account, legislative appropriations, and money from any other source credited to the account.

Subd. 8. **Appropriation.** Money in the account is appropriated to the commissioner of commerce to make ~~microenergy~~ community energy efficiency renewable energy loans under this section and to the commissioner of management and budget to pay debt service and other costs under section 216C.146. Payment of debt service costs and funding reserves take priority over use of money in the account for any other purpose.

Sec. 2. Minnesota Statutes 2012, section 216C.146, is amended to read:

216C.146 MICROENERGY COMMUNITY ENERGY EFFICIENCY AND RENEWABLE ENERGY LOAN REVENUE BONDS.

Subdivision 1. **Bonding authority; definition.** (a) The commissioner of management and budget, if requested by the commissioner of commerce, shall sell and issue state revenue bonds for the following purposes:

(1) to make ~~microenergy~~ community energy efficiency and renewable energy loans under section 216C.145;

(2) to pay the costs of issuance, debt service, and bond insurance or other credit enhancements, and to fund reserves; and

(3) to refund bonds issued under this section.

(b) The aggregate principal amount of bonds for the purposes of paragraph (a), clause (1), that may be outstanding at any time may not exceed \$100,000,000, of which up to \$20,000,000 shall be reserved for business and public entity projects; the principal amount of bonds that may be issued for the purposes of paragraph (a), clauses (2) and (3), is not limited.

(c) For the purpose of this section, "commissioner" means the commissioner of management and budget.

Subd. 2. **Procedure.** The commissioner may sell and issue the bonds on the terms and conditions the commissioner determines to be in the best interests of the state. The bonds may be sold at public or private sale. The commissioner may enter into any agreements or pledges the commissioner determines necessary or useful to sell the bonds that are not inconsistent with section 216C.145. Sections 16A.672 to 16A.675 apply to the bonds. The proceeds of the bonds issued under this section must be credited to the ~~microenergy~~ community energy efficiency and renewable energy loan account created under section 216C.145.

Subd. 3. **Revenue sources.** The debt service on the bonds is payable only from the following sources:

(1) revenue credited to the ~~microenergy~~ community energy efficiency and renewable energy loan account from the sources identified in section 216C.145 or from any other source; and

(2) other revenues pledged to the payment of the bonds, including reserves established by a local government unit.

Subd. 4. **Refunding bonds.** The commissioner may issue bonds to refund outstanding bonds issued under subdivision 1, including the payment of any redemption premiums on the bonds and any interest accrued or to accrue to the first redemption date after delivery of the refunding bonds. The proceeds of the refunding bonds may, at the discretion of the commissioner, be applied to the purchases or payment at maturity of the bonds to be refunded, or the redemption of the outstanding bonds on the first redemption date after delivery of the refunding bonds and may, until so used, be placed in escrow to be applied to the purchase, retirement, or redemption. Refunding bonds issued under this subdivision must be issued and secured in the manner provided by the commissioner.

Subd. 5. **Not a general or moral obligation.** Bonds issued under this section are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds may not be paid, directly in whole or in part from a tax of statewide application on any class of property, income, transaction, or privilege. Payment of the bonds is limited to the revenues explicitly authorized to be pledged under this section. The state neither makes nor has a moral obligation to pay the bonds if the pledged revenues and other legal security for them is insufficient.

Subd. 6. **Trustee.** The commissioner may contract with and appoint a trustee for bondholders. The trustee has the powers and authority vested in it by the commissioner under the bond and trust indentures.

Subd. 7. **Pledges.** A pledge made by the commissioner is valid and binding from the time the pledge is made. The money or property pledged and later received by the commissioner is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of the pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the commissioner, whether or not those parties have notice of the lien or pledge. Neither the order nor any other instrument by which a pledge is created need be recorded.

Subd. 8. **Bonds; purchase and cancellation.** The commissioner, subject to agreements with bondholders that may then exist, may, out of any money available for the purpose, purchase bonds of the commissioner at a price not exceeding (1) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (2) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Subd. 9. **State pledge against impairment of contracts.** The state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The commissioner may include this pledge and agreement of the state in any agreement with the holders of bonds issued under this section."

Page 2, delete lines 4 and 5

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after "energy;" insert "modifying the community energy efficiency and renewable energy loan program;"

Correct the title numbers accordingly

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

The report was adopted.

Hornstein from the Committee on Transportation Finance to which was referred:

H. F. No. 2708, A bill for an act relating to motor vehicles; allowing same expiration date for certain overweight permits as for the vehicle's plate registration date; amending Minnesota Statutes 2012, sections 169.826, by adding a subdivision; 169.8261, by adding a subdivision; 169.86, subdivision 5; 169.863, by adding a subdivision; 169.865, by adding a subdivision; 169.866, subdivision 3, by adding a subdivision.

Reported the same back with the following amendments:

Page 4, after line 37, insert:

"Sec. 5. Minnesota Statutes 2012, section 169.865, subdivision 1, is amended to read:

Subdivision 1. **Six-axle vehicles.** (a) A road authority may issue an annual permit authorizing a vehicle or combination of vehicles with a total of six or more axles to haul raw or unprocessed agricultural products and be operated with a gross vehicle weight of up to:

(1) 90,000 pounds; and

(2) 99,000 pounds during the period set by the commissioner under section 169.826, subdivision 1.

(b) Notwithstanding subdivision 3, paragraph (a), clause (4), a vehicle or combination of vehicles operated under this subdivision and transporting only sealed intermodal containers may be operated on an interstate highway if allowed by the United States Department of Transportation.

(c) The fee for a permit issued under this subdivision is \$300, or a proportional amount as provided in section 169.86, subdivision 5.

Sec. 6. Minnesota Statutes 2012, section 169.865, subdivision 2, is amended to read:

Subd. 2. **Seven-axle vehicles.** (a) A road authority may issue an annual permit authorizing a vehicle or combination of vehicles with a total of seven or more axles to haul raw or unprocessed agricultural products and be operated with a gross vehicle weight of up to:

(1) 97,000 pounds; and

(2) 99,000 pounds during the period set by the commissioner under section 169.826, subdivision 1.

(b) Drivers of vehicles operating under this subdivision must comply with driver qualification requirements adopted under section 221.0314, subdivisions 2 to 5, and Code of Federal Regulations, title 49, parts 40 and 382.

(c) The fee for a permit issued under this subdivision is \$500, or a proportional amount as provided in section 169.86, subdivision 5."

Page 5, line 8, delete the new language

Page 5, line 9, delete the new language and after "vehicle" insert ", or a proportional amount as provided in section 169.86, subdivision 5."

Page 5, line 19, delete "7" and insert "9"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after "date;" insert "providing for proportional fees;"

Correct the title numbers accordingly

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

The report was adopted.

Hornstein from the Committee on Transportation Finance to which was referred:

H. F. No. 2728, A bill for an act relating to public safety; modifying permits for motorized bicycle operators; establishing a fee for the commercial learner's permit; providing for federal conformance in laws pertaining to commercial motor vehicles; amending Minnesota Statutes 2012, sections 171.02, subdivision 3; 171.06, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 171.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Wagenius from the Committee on Environment, Natural Resources and Agriculture Finance to which was referred:

H. F. No. 2733, A bill for an act relating to natural resources; modifying all-terrain vehicle provisions; providing for certain regulatory efficiencies; modifying invasive species provisions; modifying definition of snowmobile; prohibiting tampering with snowmobile odometers; modifying use of forest trails; modifying outdoor recreation system provisions; modifying Water Law; amending Minnesota Statutes 2012, sections 17.4982, subdivision 18a; 84.027, subdivisions 13a, 14a; 84.0857; 84.81, subdivision 3; 84.92, subdivisions 9, 10; 84.926, subdivision 4; 84D.01, subdivisions 8, 13, 15, 17, 18; 84D.03, as amended; 84D.06; 84D.10, subdivision 3; 84D.11, subdivision 2a; 84D.12; 84D.13, subdivision 5; 86A.09; 86A.11; 97C.821; 103F.121, subdivisions 2, 5; 103F.165, subdivision 3; 103G.245, subdivision 2; 103G.615, subdivision 3a; 325E.13, by adding a subdivision; 325E.14, subdivisions 1, 2, 3, 4, 6; 325E.15; Minnesota Statutes 2013 Supplement, sections 84.027, subdivision 13; 84.9256, subdivision 1; 84D.10, subdivision 4; 84D.105, subdivision 2; 103C.311, subdivision 2; repealing Minnesota Statutes 2012, sections 84.521; 89.01, subdivision 7; 103F.121, subdivisions 3, 4; 103F.165, subdivision 2.

Reported the same back with the following amendments:

Page 4, after line 32, insert:

"Sec. 6. Minnesota Statutes 2012, section 84.791, subdivision 4, is amended to read:

Subd. 4. **Off-highway motorcycle safety courses; reciprocity with other states; accepted equivalencies.** (a) The commissioner may enter into reciprocity agreements or otherwise certify off-highway motorcycle environment and safety education and training courses from other states that are substantially similar to in-state courses. Proof of completion of a course subject to a reciprocity agreement or certified as substantially similar is adequate to meet the safety certificate requirements of sections 84.787 to 84.795.

(b) Proof of completion of the Motorcycle Safety Foundation Dirtbike School is adequate to meet the safety certificate requirements of sections 84.787 to 84.795."

Page 5, after line 10, insert:

"Sec. 8. Minnesota Statutes 2012, section 84.92, subdivision 8, is amended to read:

Subd. 8. **All-terrain vehicle or vehicle.** "All-terrain vehicle" or "vehicle" means a motorized ~~floatation-tired~~ vehicle of not less than three ~~low-pressure tires~~, but not more than six low pressure or non-pneumatic tires, that is limited in engine displacement of less than 1,000 cubic centimeters and includes a class 1 all-terrain vehicle and class 2 all-terrain vehicle."

Page 5, after line 16, insert:

"Sec. 11. Minnesota Statutes 2012, section 84.925, subdivision 3, is amended to read:

Subd. 3. **All-terrain vehicle safety courses; reciprocity with other states; accepted equivalencies.** (a) The commissioner may enter into reciprocity agreements or otherwise certify all-terrain vehicle environmental and safety education and training courses from other states that are substantially similar to in-state courses. Proof of completion of a course subject to a reciprocity agreement or certified as substantially similar is adequate to meet the safety certificate requirements of sections 84.92 to 84.928.

(b) Proof of completion of training, including the ATV RiderCourse, offered by the All-Terrain Vehicle Safety Institute is adequate to meet the safety certificate requirements of sections 84.92 to 84.928."

Page 7, after line 16, insert:

"Sec. 15. Minnesota Statutes 2012, section 84D.01, subdivision 8b, is amended to read:

Subd. 8b. **Inspect.** "Inspect" means to examine water-related equipment to determine whether aquatic invasive species, aquatic macrophytes, or water is present and includes removal, drainage, decontamination, collection and sampling, or treatment to prevent the transportation and spread of aquatic invasive species, aquatic macrophytes, and water."

Page 16, line 21, before "30" insert "15 days prior to the public meeting and shall accept comments on the plan for at least"

Page 16, line 23, before the period, insert ". The managing agency shall prepare a record of the public meeting and any comments received during the comment period"

Page 19, after line 15, insert:

"Sec. 32. Minnesota Statutes 2012, section 103E.065, is amended to read:

103E.065 DRAINAGE INSPECTORS.

In counties or watershed districts having drainage systems constructed in accordance with this chapter, the drainage authority shall appoint a competent person as drainage inspector. The inspector must not be a county commissioner. The inspector may be the county highway engineer. The inspector shall examine the drainage systems designated by the drainage authority. The drainage authority shall specify the appointment period and compensation."

Page 21, after line 5, insert:

"Sec. 37. Minnesota Statutes 2012, section 103G.287, subdivision 2, is amended to read:

Subd. 2. **Relationship to surface water resources.** Groundwater appropriations that will have ~~potential~~ negative impacts to surface waters are subject to applicable provisions in section 103G.285.

Sec. 38. Minnesota Statutes 2012, section 103G.305, subdivision 1, is amended to read:

Subdivision 1. **General ~~30-day~~ 150-day limit.** (a) Except as provided in subdivision 2, the commissioner must act on a water use permit within ~~30~~ 150 days after the completed application for the permit ~~and the required data are filed in the commissioner's office~~ has been submitted. Within 30 business days of application for a water use permit, the commissioner shall notify the applicant, in writing, whether the application is complete or incomplete.

(b) The commissioner must direct a hearing to be held on a water use permit application or make an order issuing a permit or denying a permit."

Page 21, delete sections 33 and 34 and insert:

"Sec. 40. Minnesota Statutes 2012, section 325E.13, is amended by adding a subdivision to read:

Subd. 5. **Off-road recreational vehicle.** "Off-road recreational vehicle" means a snowmobile as defined in section 84.81, subdivision 3, and an off-highway vehicle, as defined in section 84.771.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 41. Minnesota Statutes 2012, section 325E.14, subdivision 1, is amended to read:

Subdivision 1. **Tampering.** No person shall knowingly tamper with, adjust, alter, change, set back, disconnect or, with intent to defraud, fail to connect the odometer of any motor vehicle or off-road recreational vehicle, or cause any of the foregoing to occur to an odometer of a motor vehicle or off-road recreational vehicle, so as to reflect a lower mileage than has actually been driven by the motor vehicle or off-road recreational vehicle.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 42. Minnesota Statutes 2012, section 325E.14, subdivision 3, is amended to read:

Subd. 3. **Sales and use restrictions.** No person shall advertise for sale, sell, use or install on any part of a motor vehicle or off-road recreational vehicle, or on any odometer in a motor vehicle or off-road recreational vehicle, any device ~~which~~ that causes the odometer to register any mileage other than the true mileage.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 43. Minnesota Statutes 2012, section 325E.14, subdivision 4, is amended to read:

Subd. 4. **Sales restriction.** No person shall sell or offer for sale any motor vehicle or off-road recreational vehicle with knowledge that the mileage registered on the odometer has been altered so as to reflect a lower mileage than has actually been driven by the motor vehicle or off-road recreational vehicle without disclosing ~~such~~ the fact to prospective purchasers.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 44. Minnesota Statutes 2012, section 325E.14, subdivision 6, is amended to read:

Subd. 6. **Repair or replacement restriction.** Nothing in this section shall prevent the service, repair, or replacement of an odometer, provided the mileage indicated thereon remains the same as before the service, repair, or replacement. Where the odometer is incapable of registering the same mileage as before ~~such~~ the service, repair, or replacement, the odometer shall be adjusted to read zero and a written notice shall be attached to the left door frame of the motor vehicle by the owner or an agent specifying the mileage prior to repair or replacement of the odometer and the date on which it was repaired or replaced. No person shall remove or alter ~~such~~ a notice so affixed.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date."

Pages 22 to 23, delete sections 35 to 40

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after "vehicle" insert "and off-highway motorcycle"

Page 1, line 4, delete the second "snowmobile" and insert "off-road recreational vehicle"

Correct the title numbers accordingly

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

The report was adopted.

Hornstein from the Committee on Transportation Finance to which was referred:

H. F. No. 2752, A bill for an act relating to metropolitan transit; requiring Metropolitan Council to adopt standards for light rail vehicles; requiring Transportation Accessibility Advisory Committee review of vehicle standards; proposing coding for new law in Minnesota Statutes, chapter 473.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Atkins from the Committee on Commerce and Consumer Protection Finance and Policy to which was referred:

H. F. No. 2767, A bill for an act relating to telecommunications; eliminating antiquated, unnecessary, redundant, or obsolete laws; repealing Minnesota Statutes 2012, sections 237.068; 237.44; 237.45.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2013 Supplement, section 237.036, is amended to read:

237.036 COIN-OPERATED OR PUBLIC PAY TELEPHONES.

(a) Neither commission approval nor a commission certificate is required to:

(1) site a coin-operated or public pay telephone in the state; or

(2) implement changes in service, services offered, rates, or location regarding a coin-operated or public pay telephone. Registration under section 237.64 is required to own or operate a coin-operated or public pay telephone in the state.

(b) This section does not change the authority of other state or local government entities to regulate aspects of coin-operated or public pay telephone ownership, location, or operation; however, an entity may not regulate aspects of these services that it did not regulate prior to May 26, 1999. The commission shall retain the authority delegated to it under federal and state law to protect the public interest with regard to coin-operated or public pay telephones.

(c) Owners and operators of coin-operated or public pay telephones are exempt from sections 237.06, 237.07, 237.075, 237.09, 237.23, 237.295, ~~and 237.39~~ and the annual reporting requirement of section 237.11.

(d) Owners of coin-operated or public pay telephones shall:

(1) provide immediate coin-free access, to the extent technically feasible, to 911 emergency service or to another approved emergency service; and

(2) provide free access to the telecommunications relay service for people with communication disabilities.

(e) Owners of coin-operated or public pay telephones must post at each coin-operated or public pay telephone location:

(1) customer service and complaint information, including the name, address, and telephone number of the owner of the coin-operated or public pay telephone and the operator service handling calls from the coin-operated or public pay telephone; a toll-free number of the appropriate telephone company for the resolution of complaints; and the toll-free number of the public utilities commission; and

(2) a toll-free number at which consumers can obtain pricing information regarding rates, charges, terms, and conditions of local and long-distance calls.

Sec. 2. Minnesota Statutes 2012, section 237.04, is amended to read:

237.04 WIRE CROSSING OR PARALLELING UTILITY LINE; RULES.

(a) ~~The department shall determine and promulgate reasonable rules covering the maintenance and operation, also the nature, location, and character of the construction to be used, where telephone, telegraph, electric light, power, or other electric wires of any kind, or any natural gas pipelines, cross, or more or less parallel the lines of any railroad, or any other similar public service corporation; and, to this end, shall formulate and from time to time, issue general rules covering each class of construction, maintenance, and operation of such telephone, telegraph, telecommunications, cable, fiber optic, electric wire, or natural gas pipeline crossing, or paralleling, under the various conditions existing; and the department, upon the complaint of any person, railroad, municipal utility, cooperative electric association, telephone company, telecommunications carrier, cable company, fiber optic carrier, or other public utility claiming to be injuriously affected or subjected to hazard by any such crossing or paralleling of the lines of any railroad or other similar public service corporation, constructed or about to be constructed, shall, after a hearing, make such order and prescribe such terms and conditions for the construction, maintenance, and operation of the lines in question as may be just and reasonable.~~

(b) The department may, upon request of any municipal utility, electric cooperative association, public utility, telephone company, telecommunications carrier, cable company, or fiber optic carrier determine the just and reasonable charge which a railroad, or owner of an abandoned railroad right-of-way, other than the state or a regional railroad authority, can prescribe for a new or existing crossing of a railroad right-of-way by any telephone, telegraph, telecommunications, cable, fiber optic, electric, or gas line, or new or existing telephone, telegraph, telecommunications, cable, fiber optic, electric, or gas line more or less paralleling a railroad right-of-way, based on the diminution in value caused by the crossing or paralleling of the right-of-way by the telephone, telegraph, telecommunications, cable, fiber optic, electric, or gas line. This section shall not be construed to eliminate the right

of a public utility, municipal utility, or electric cooperative association to have any of the foregoing issues determined pursuant to an eminent domain proceeding commenced under chapter 117. Unless the railroad, or owner of an abandoned railroad right-of-way, other than the state or a regional railroad authority, asserts in writing that the proposed crossing or paralleling is a serious threat to the safe operations of the railroad or to the current use of the railroad right-of-way, a crossing can be constructed following filing of the requested action with the department, pending review of the requested action by the department.

(c) The department shall assess the cost of reviewing the requested action, and of determining a just and reasonable charge, equally among the parties.

(d) For the purposes of this section, "parallel" or "paralleling" means that the relevant utility facilities run adjacent to and alongside the lines of a railroad for no more than one mile, or another distance agreed to by the parties, before the utility facilities cross the railroad lines, terminate, or exit the railroad right-of-way.

Sec. 3. Minnesota Statutes 2012, section 237.14, is amended to read:

237.14 RATE FOR SERVICE TO OFFICER.

A telephone company may furnish service free or at reduced rates to its officers, agents, or employees in furtherance of their employment, but it shall charge full schedule rates without discrimination for all other services. ~~Nothing herein shall release any telephone company from carrying out any contract now existing between it and any municipality for the furnishing of any service free or at reduced rates. Any contract for telephone service, at discriminatory rates, other than those with municipalities, shall be terminated by the company as soon as the same becomes terminable by its terms.~~

Sec. 4. Minnesota Statutes 2012, section 237.16, subdivision 8, is amended to read:

Subd. 8. **Rules.** (a) ~~Before August 1, 1997,~~ The commission shall adopt rules applicable to all telephone companies and telecommunications carriers required to obtain or having obtained a certificate for provision of telephone service using any existing federal standards as minimum standards and incorporating any additional standards or requirements necessary to ensure the provision of high-quality telephone services throughout the state. The rules must, at a minimum:

- (1) define procedures for competitive entry and exit;
- (2) require the provisions of equal access and interconnection with the company's network and other features, functions, and services which the commission considers necessary to promote fair and reasonable competition;
- (3) require unbundling of network services and functions to at least the level required by existing federal standards;
- (4) prescribe, if necessary, methods of reciprocal compensation between telephone companies;
- (5) provide for local telephone number portability;
- (6) prescribe appropriate regulatory standards for new local telephone service providers, that facilitate and support the development of competitive services;
- (7) protect against cross-subsidization, unfair competition, and other practices harmful to promoting fair and reasonable competition;

- (8) prescribe methods for the preservation of universal and affordable local telephone services;
- (9) prescribe standards for quality of service;
- (10) provide for the continued provision of local emergency telephone services under chapter 403; and

(11) protect residential and commercial customers from unauthorized changes in service providers in a competitively neutral manner.

(b) ~~Before January 1, 1998, in a separate rulemaking,~~ The commission shall adopt separate rules regarding the issues described in paragraph (a), clauses (1) to (11), as may be appropriate to provision of competitive local telephone service in areas served by telephone companies with less than 50,000 subscribers ~~originally certified to provide local telephone services before January 1, 1988.~~

Sec. 5. Minnesota Statutes 2013 Supplement, section 237.16, subdivision 9, is amended to read:

Subd. 9. **Universal service fund.** The commission shall establish and require contributions to a universal service fund, to be supported by all providers of telephone services, whether or not they are telephone companies under section 237.01, including, but not limited to, local telephone companies, independent telephone companies, cooperative telephone companies, municipal telephone companies, telecommunications carriers, radio common carriers, personal communication service providers, and cellular carriers. Services that should be considered for inclusion as universal include, at a minimum, single-party service including access, usage and touch-tone capability; line quality capable of carrying facsimile and data transmissions; equal access; emergency services number capability; statewide telecommunications relay service for people with hearing loss; and blocking of long-distance toll services. The fund must be administered and distributed in accordance with rules adopted by the commission and designed to preserve the availability of universal service throughout the state. Any state universal service fund must be coordinated with any federal universal service fund and be consistent with section 254(b)(1) to (5) of the federal Telecommunications Act of 1996, Public Law 104-104. ~~The department shall make recommendations to the legislature by January 1, 1996, regarding a plan for contributions to and expenditures from the universal service fund. In particular, the department shall address the following issues:~~

~~(1) what additional services should be included in the basic set of essential telephone services which the state should encourage in its mandate to ensure universal service;~~

~~(2) whether and how expenditures from the fund should be used to ensure citizens access to local government and other public access programming; and~~

~~(3) whether expenditures from the fund should be used to encourage construction of infrastructure for, and access to, advanced services, especially in high cost areas of the state, and, if the commission determines the fund should be used for this purpose, a plan to accomplish these goals.~~

Sec. 6. Minnesota Statutes 2012, section 237.16, subdivision 12, is amended to read:

Subd. 12. **Extension of interexchange facility.** In order to promote the development of competitive interexchange services and facilities, any interexchange facility that is owned by a certified telephone company, independent telephone company, telecommunications carrier or an affiliate and that is used to provide service to customers located in areas for which it has been previously certified to provide service may be extended to meet and interconnect with the facility of another telephone company, small telephone company, or telecommunications carrier, whether at a point inside or outside of its territories, without further proceeding, order, or determination of current or future public convenience and necessity, upon mutual consent with the other telephone company, small telephone company, or telecommunications carrier whose facilities will be met and interconnected. Written notice

of the extension and interconnection must be provided to the Public Utilities Commission and Department of Public Safety within 30 days after completion. The written notice must be served on all incumbent local exchange companies ~~certified before January 1, 1988~~, in all areas where the facilities are located.

Sec. 7. Minnesota Statutes 2012, section 237.164, is amended to read:

237.164 UNIVERSAL SERVICE DISCOUNT FOR SCHOOL OR LIBRARY.

The commission shall establish intrastate service discounts for schools and libraries by order to the extent ~~and within the time frame~~ necessary to enable schools and libraries to ~~begin receiving~~ receive federally supported discounts ~~at the earliest date permitted by the Federal Communications Commission.~~

Sec. 8. Minnesota Statutes 2012, section 237.17, is amended to read:

237.17 EXTENSION OF LONG-DISTANCE LINE.

Any telephone company may extend its long-distance lines into or through any city of this state for the furnishing of long-distance service only, subject to ~~the regulation of the governing body of such city relative to the location of the poles and wires and the preservation of the safe and convenient use of such streets and alleys to the public~~ sections 237.162 and 237.163.

Sec. 9. Minnesota Statutes 2012, section 237.30, is amended to read:

237.30 TELEPHONE INVESTIGATION FUND; APPROPRIATION.

~~The sum of \$25,000 is hereby appropriated out of any moneys in the state treasury not otherwise appropriated, to establish and provide a revolving fund to be known as the A Minnesota Telephone Investigation Fund shall exist~~ for the use of the Department of Commerce and of the attorney general in investigations, valuations, and revaluations under section 237.295. All sums paid by the telephone companies to reimburse the department for its expenses pursuant to section 237.295 shall be credited to the revolving fund and shall be deposited in a separate bank account and not commingled with any other state funds or moneys, but any balance in excess of \$25,000 in the revolving fund at the end of each fiscal year shall be paid into the state treasury and credited to the general fund. ~~The sum of \$25,000 herein appropriated and~~ All subsequent credits to said revolving fund shall be paid upon the warrant of the commissioner of management and budget upon application of the department or of the attorney general to an aggregate amount of not more than one-half of such sums to each of them, which proportion shall be constantly maintained in all credits and withdrawals from the revolving fund.

Sec. 10. Minnesota Statutes 2012, section 237.46, is amended to read:

237.46 GROSS MISDEMEANOR VIOLATION.

Any telephone company or telecommunications carrier and, if it be a corporation, the officers thereof, violating any provisions of ~~sections 237.01 to 237.27, this chapter~~ shall be guilty of a gross misdemeanor.

Sec. 11. Minnesota Statutes 2012, section 237.491, is amended to read:

237.491 COMBINED PER NUMBER FEE.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "911 emergency and public safety communications program" means the program governed by chapter 403.

(c) "Minnesota telephone number" means a ten-digit telephone number being used to connect to the public switched telephone network and starting with area code 218, 320, 507, 612, 651, 763, or 952, or any subsequent area code assigned to this state.

(d) "Service provider" means a provider doing business in this state who provides real-time, two-way voice service with a Minnesota telephone number.

(e) "Telecommunications access Minnesota program" means the program governed by sections 237.50 to 237.55.

(f) "Telephone assistance program" means the program governed by sections 237.69 to ~~237.711~~ 237.71.

Subd. 2. **Per number fee.** (a) ~~By January 15, 2006, the commissioner of commerce shall report to the legislature and to the senate Committee on Jobs, Energy and Community Development and the house of representatives Committee on Regulated Industries, recommendations for the amount of and method for assessing a fee that would apply to each service provider based upon the number of Minnesota telephone numbers in use by current customers of the service provider. Annually, the commission shall set the fee would be set at a level calculated to generate only the amount of revenue necessary to fund:~~

(1) the telephone assistance program and the telecommunications access Minnesota program at the levels established by the commission under sections 237.52, subdivision 2, and 237.70; and

(2) the 911 emergency and public safety communications program at the levels appropriated by law to the commissioner of public safety and the commissioner of management and budget for purposes of sections 403.11, 403.113, 403.27, 403.30, and 403.31 for each fiscal year.

(b) The recommendations must include any changes to Minnesota Statutes necessary to establish the procedures whereby each service provider, to the extent allowed under federal law, would collect and remit the fee proceeds to the commissioner of revenue. The commissioner of revenue would allocate the fee proceeds to the three funding areas in paragraph (a) and credit the allocations to the appropriate accounts.

(c) ~~The recommendations must be designed to allow the combined per telephone number fee to be collected beginning July 1, 2006.~~ The per access line fee used to collect revenues to support the TAP, TAM, and 911 programs remains in effect until the statutory changes necessary to implement the per telephone number fee have been enacted into law and taken effect.

(d) ~~As part of the process of developing the recommendations and preparing the report to the legislature required under paragraph (a), the commissioner of commerce must, at a minimum, consult regularly with the Departments of Public Safety, Management and Budget, and Administration, the Public Utilities Commission, service providers, the chairs and ranking minority members of the senate and house of representatives committees, subcommittees, and divisions having jurisdiction over telecommunications and public safety, and other affected parties.~~

Sec. 12. Minnesota Statutes 2012, section 237.69, subdivision 1, is amended to read:

Subdivision 1. **Scope.** The terms used in sections 237.69 to ~~237.711~~ 237.71 have the meanings given them in this section.

Sec. 13. Minnesota Statutes 2012, section 237.69, subdivision 15, is amended to read:

Subd. 15. **Income.** For purposes of sections 237.69 to ~~237.711~~ 237.71, "income" has the meaning given it in section 290A.03, subdivision 3.

Sec. 14. Minnesota Statutes 2012, section 237.69, subdivision 16, is amended to read:

Subd. 16. **Telephone assistance plan.** "Telephone assistance plan" means the plan to be adopted by the commission and to be jointly administered by the commission, the Department of Human Services, and the telephone companies, as required by sections 237.69 to ~~237.714~~ 237.71.

Sec. 15. Minnesota Statutes 2012, section 237.71, is amended to read:

237.71 TAP RULES.

The commission shall adopt rules under the Administrative Procedure Act necessary or appropriate to ~~establish~~ administer the telephone assistance plan in accordance with this chapter ~~so that the telephone assistance plan is effective as of January 1, 1988, or as soon after that date as Federal Communications Commission approval of the telephone assistance plan is obtained.~~

Sec. 16. Minnesota Statutes 2012, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to ~~237.714~~ 237.71, with those of property tax refund filers, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law 102-234. Upon the written agreement by the United States Department of Health and Human Services to maintain the confidentiality of the data, the commissioner may provide records and information collected under sections 295.50 to 295.59 to the Centers for Medicare and Medicaid Services section of the United States Department of Health and Human Services for purposes of meeting federal reporting requirements.

(g) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

(h) The commissioner may disclose information to the commissioner of human services necessary to verify income for eligibility and premium payment under the MinnesotaCare program, under section 256L.05, subdivision 2.

(i) The commissioner may disclose information to the commissioner of human services necessary to verify whether applicants or recipients for the Minnesota family investment program, general assistance, food support, Minnesota supplemental aid program, and child care assistance have claimed refundable tax credits under chapter 290 and the property tax refund under chapter 290A, and the amounts of the credits.

(j) The commissioner may disclose information to the commissioner of human services necessary to verify income for purposes of calculating parental contribution amounts under section 252.27, subdivision 2a.

Sec. 17. **REPEALER.**

Minnesota Statutes 2012, sections 237.068; 237.16, subdivisions 10, 11, and 13; 237.18; 237.33; 237.34; 237.35; 237.36; 237.37; 237.38; 237.39; 237.40; 237.44; 237.45; 237.47; 237.67; 237.711; and 237.80, subdivision 1, are repealed."

Correct the title numbers accordingly

Amend the title as follows:

Page 1, line 3, after "laws;" insert "making conforming changes;"

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

The report was adopted.

Wagenius from the Committee on Environment, Natural Resources and Agriculture Finance to which was referred:

H. F. No. 2852, A bill for an act relating to natural resources; modifying game and fish laws; modifying use of vehicles for hunting; modifying oversight committee provisions; modifying provisions for wildlife management areas; modifying license provisions and fees; modifying provisions for taking wild animals; authorizing nonlethal hazing of Canada geese; modifying disability-related angling and hunting licenses and special permit provisions; providing for designations on driver's license and Minnesota identification card; updating and eliminating certain obsolete language; modifying prior appropriations; requiring issuance of general permit; requiring report; requiring rulemaking; amending Minnesota Statutes 2012, sections 84.154, subdivisions 1, 2, 3; 84.777, subdivision 2; 84.87, by adding a subdivision; 84.944, subdivision 2; 84A.10; 84A.50; 97A.025; 97A.055, subdivision 4b; 97A.131; 97A.137, subdivision 3, by adding a subdivision; 97A.311, subdivision 5, by adding a subdivision; 97A.434, subdivision 1; 97A.441, subdivisions 1, 5; 97A.473, subdivisions 2a, 2b, 5, 5a; 97A.502; 97B.031, subdivision 5; 97B.055, subdivision 3; 97B.081, subdivision 3; 97B.086; 97B.095; 97B.106, subdivision 1; 97B.111, subdivision 1; 97B.516; 97B.605; 97B.655, subdivision 1; 97B.667, subdivisions 3, 4; 97B.731, subdivision 1; 97C.821; 171.07, subdivision 15, by adding a subdivision; Minnesota Statutes 2013 Supplement, sections 97A.441, subdivisions 6, 6a; 97A.475, subdivisions 2, 3; 97A.485, subdivision 6; Laws 2008, chapter 363, article 5, section 4, subdivision 7, as amended; proposing coding for new law in Minnesota Statutes, chapters 97B; 97C; repealing Minnesota Statutes 2012, sections 84.154, subdivision 5; 84A.04; 84A.08; 84A.11; 97A.081; 97A.083; 97A.445, subdivision 3; 97A.4742, subdivision 3; 97B.061; 97B.611; 97B.615; 97B.621, subdivisions 1, 4; 97B.625; 97B.631; 97B.635; 97B.711; 97B.715, subdivision 2; 97B.803; 97B.911; 97B.915; 97B.921; 97B.925; 97C.011; 97C.827; Minnesota Rules, part 6100.5100.

Reported the same back with the following amendments:

Page 4, after line 23, insert:

"Sec. 9. Minnesota Statutes 2012, section 84D.01, subdivision 8b, is amended to read:

Subd. 8b. **Inspect.** "Inspect" means to examine water-related equipment to determine whether aquatic invasive species, aquatic macrophytes, or water is present and includes removal, drainage, decontamination, collection and sampling, or treatment to prevent the transportation and spread of aquatic invasive species, aquatic macrophytes, and water.

Sec. 10. **[87A.10] TRAP SHOOTING SPORTS FACILITY GRANTS.**

The commissioner of natural resources shall administer a program to provide cost-share grants to local recreational trap shooting clubs for up to 50 percent of the costs of developing or rehabilitating trap shooting sports facilities for public use. A facility rehabilitated or developed with a grant under this section must be open to the general public at reasonable times and for a reasonable fee on a walk-in basis. The commissioner shall give preference to projects that will provide the most opportunities for youth."

Page 23, delete section 49 and insert:

"Sec. 51. Laws 2008, chapter 363, article 5, section 4, subdivision 7, as amended by Laws 2009, chapter 37, article 1, section 61, is amended to read:

Subd. 7. **Fish and Wildlife Management** 123,000 119,000

Appropriations by Fund

General	-0-	(427,000)
Game and Fish	123,000	546,000

\$329,000 in 2009 is a reduction for fish and wildlife management.

\$46,000 in 2009 is a reduction in the appropriation for the Minnesota Shooting Sports Education Center.

\$52,000 in 2009 is a reduction for licensing.

\$123,000 in 2008 and \$246,000 in 2009 are from the game and fish fund to implement fish virus surveillance, prepare infrastructure to handle possible outbreaks, and implement control procedures for highest risk waters and fish production operations. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 297A.94, paragraph (e), \$300,000 in 2009 is from the second year appropriation in Laws 2007, chapter 57, article 1, section 4, subdivision 7, from the heritage enhancement account in the game and fish fund ~~to study, pre-design, and design a shooting sports facility in the seven county metropolitan area~~ for shooting sports facilities. Of this amount, \$100,000 is for a grant to the Itasca County Gun Club for shooting sports facility improvements; and the remaining balance is for trap shooting facility grants under Minnesota Statutes, section 87A.10. This is available onetime only and is available until expended.

\$300,000 in 2009 is appropriated from the game and fish fund for only activities that improve, enhance, or protect fish and wildlife resources. This is a onetime appropriation."

Page 24, delete section 50

Page 25, line 9, delete "act" and insert "section"

Page 25, lines 12 and 14, delete "21 to 24" and insert "23 to 26"

Page 26, after line 11, insert:

"Sec. 58. **MINNESOTA RIVER VALLEY; MASTER PLAN.**

The commissioner of natural resources shall develop a master plan in accordance with Minnesota Statutes, section 86A.09, to conserve the natural and cultural resources of the Minnesota River Valley area in Redwood and Renville Counties and to provide for the shared use, enjoyment, and understanding of these resources through a broad selection of outdoor recreational opportunities and recreational travel routes that connect units of the outdoor recreation system in the river valley, including a connection to the Minnesota River State Trail authorized in Minnesota Statutes, section 85.015, subdivision 22. The plan shall address the impacts to the natural and cultural resources, interpretive services, recreational opportunities, and administrative activities in the area and also provide recommendations on the unit designation of the area under the Outdoor Recreation Act."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the first semicolon, insert "modifying invasive species provisions; providing for certain grants; requiring development of certain master plan;"

Page 1, line 10, delete "requiring report;"

Correct the title numbers accordingly

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

The report was adopted.

Atkins from the Committee on Commerce and Consumer Protection Finance and Policy to which was referred:

H. F. No. 2854, A bill for an act relating to commerce; removing or modifying obsolete, unnecessary, or redundant laws and rules administered by the Department of Commerce; making conforming changes; amending Minnesota Statutes 2012, sections 16D.04, subdivisions 1, 4; 45.0111, subdivision 2; 45.22; 45.23; 46.046, by adding a subdivision; 47.20, subdivision 7; 47.325; 47.78; 48.93, subdivisions 1, 3; 53A.06; 56.131, subdivision 1; 56.14; 58.115; 59C.10, subdivision 2; 60A.0782, subdivisions 1, 2, 5, 11; 60A.0783, subdivisions 2, 3; 60A.0785, subdivision 3; 60A.0787, subdivision 4; 60A.0788, subdivision 2; 60A.0789, subdivisions 1, 2, 4; 60A.131; 60K.361; 61A.02, subdivisions 2, 3; 61A.03, subdivision 1; 61A.15, by adding a subdivision; 72B.03; 72B.041, subdivision 1; 72B.08, subdivision 1; 81A.02, subdivisions 1, 12; 81A.03, subdivision 2; 81A.04, subdivision 1;

81A.14, subdivision 2; 81A.16, subdivisions 1, 2, 5; 81A.17; 81A.19; 81A.20; 81A.21; 82.60, subdivisions 1, 5; 82.63, subdivision 6; 82A.03; 82A.04, subdivision 2; 82A.05, subdivision 6; 82A.08, subdivision 1; 82A.09, subdivision 2; 82A.10; 82A.11, subdivision 2; 82A.111, subdivision 2; 82A.12, subdivision 1; 82A.14; 82A.22, subdivision 2; 82A.25; 82A.26; 82B.195, subdivisions 1, 2; 83.26, subdivision 2; 83.30, subdivision 1; 115C.113; 115C.13; 239.011, subdivision 2; 239.06; 239.081; 239.09; 239.091; 239.44; 239.46; 239.75, subdivision 1; 239.753; 239.80, subdivision 1; 325E.11; 325E.115, subdivision 2; 332.31, subdivision 1; 332.311; 332.33, subdivisions 1, 2, 3, 5, 5a, 7; 332.38; 332.39; 332.40, subdivisions 1, 2, 3; 332.42, subdivisions 1, 2; 332.44; 386.015, subdivision 5; 386.62; 386.65, subdivision 1; 386.705; 386.706; 386.73; 386.74; 386.76; Minnesota Statutes 2013 Supplement, sections 82A.06, subdivision 2; 82A.13, subdivision 1; 239.101, subdivision 3; 270.41, subdivision 5; repealing Minnesota Statutes 2012, sections 13.713, subdivision 4; 45.0111; 45.25, subdivision 4; 45.42, subdivision 1; 46.045, subdivision 2; 46.046, subdivisions 3, 4; 46.047; 46.23, subdivision 3; 47.61, subdivision 2; 48.34; 48.92, subdivisions 4, 5; 53.07; 53A.081; 56.001, subdivisions 4, 5, 6; 60A.02, subdivision 2; 60A.078; 60A.18; 61A.05; 61A.09, subdivision 4; 61A.11; 61A.16; 61A.17; 61A.18; 62A.319; 62B.07, subdivision 8; 72A.53; 72B.02, subdivision 8; 80C.30; 81A.01; 81A.02, subdivision 5; 81A.08; 81A.18; 82.60, subdivisions 2, 3, 4; 82.63, subdivisions 7, 9, 10; 82A.04; 82A.07; 82A.08; 82A.11, subdivision 2; 82A.111, subdivision 5; 82A.13, subdivision 3; 82A.18, subdivision 3; 82A.22, subdivisions 1, 3; 82A.24, subdivision 5; 82B.021; 115C.01; 115C.111; 239.001; 239.002; 239.003; 239.012; 239.051, subdivision 7; 239.101, subdivision 4; 239.28; 239.29; 239.30; 239.31; 239.35; 239.36; 239.51; 239.511; 239.53; 239.54; 239.80, subdivisions 2, 3; 332.45; 386.61, subdivisions 1, 2, 4; 609B.109; Minnesota Statutes 2013 Supplement, sections 82.63, subdivision 8; 82A.06, subdivision 2; Minnesota Rules, parts 2782.0200; 2782.0300; 2782.0400; 2782.0500; 2782.0600; 2782.0700; 2782.0800; 2795.2000; 2830.0010; 2830.0020; 2830.0030; 2830.0040; 2830.0050; 2830.0060; 2830.0070; 2830.0080; 2830.0090; 2830.0100; 2870.0100; 2870.1100; 2870.1200; 2870.1400; 2870.1700; 2870.1800; 2870.1900; 2870.2000; 2870.2100; 2870.2200; 2870.2300; 2870.3100; 2870.3200; 2870.3300; 2870.3400; 2870.3500; 2870.3600; 2870.3700; 2870.3800; 2870.3900; 2870.4000; 2870.4100; 2870.5100; 7601.7010; 7601.7090, subpart 3; 7601.8000; 7602.0100.

Reported the same back with the following amendments:

Page 29, after line 9, insert:

"Sec. 35. Minnesota Statutes 2013 Supplement, section 237.036, is amended to read:

237.036 COIN-OPERATED OR PUBLIC PAY TELEPHONES.

(a) Neither commission approval nor a commission certificate is required to:

(1) site a coin-operated or public pay telephone in the state; or

(2) implement changes in service, services offered, rates, or location regarding a coin-operated or public pay telephone. Registration under section 237.64 is required to own or operate a coin-operated or public pay telephone in the state.

(b) This section does not change the authority of other state or local government entities to regulate aspects of coin-operated or public pay telephone ownership, location, or operation; however, an entity may not regulate aspects of these services that it did not regulate prior to May 26, 1999. The commission shall retain the authority delegated to it under federal and state law to protect the public interest with regard to coin-operated or public pay telephones.

(c) Owners and operators of coin-operated or public pay telephones are exempt from sections 237.06, 237.07, 237.075, 237.09, 237.23, 237.295, ~~and 237.39~~ and the annual reporting requirement of section 237.11.

(d) Owners of coin-operated or public pay telephones shall:

(1) provide immediate coin-free access, to the extent technically feasible, to 911 emergency service or to another approved emergency service; and

(2) provide free access to the telecommunications relay service for people with communication disabilities.

(e) Owners of coin-operated or public pay telephones must post at each coin-operated or public pay telephone location:

(1) customer service and complaint information, including the name, address, and telephone number of the owner of the coin-operated or public pay telephone and the operator service handling calls from the coin-operated or public pay telephone; a toll-free number of the appropriate telephone company for the resolution of complaints; and the toll-free number of the public utilities commission; and

(2) a toll-free number at which consumers can obtain pricing information regarding rates, charges, terms, and conditions of local and long-distance calls.

Sec. 36. Minnesota Statutes 2012, section 237.04, is amended to read:

237.04 WIRE CROSSING OR PARALLELING UTILITY LINE; RULES.

(a) ~~The department shall determine and promulgate reasonable rules covering the maintenance and operation, also the nature, location, and character of the construction to be used, where telephone, telegraph, electric light, power, or other electric wires of any kind, or any natural gas pipelines, cross, or more or less parallel the lines of any railroad, or any other similar public service corporation; and, to this end, shall formulate and from time to time, issue general rules covering each class of construction, maintenance, and operation of such telephone, telegraph, telecommunications, cable, fiber optic, electric wire, or natural gas pipeline crossing, or paralleling, under the various conditions existing; and the department, upon the complaint of any person, railroad, municipal utility, cooperative electric association, telephone company, telecommunications carrier, cable company, fiber optic carrier, or other public utility claiming to be injuriously affected or subjected to hazard by any such crossing or paralleling of the lines of any railroad or other similar public service corporation, constructed or about to be constructed, shall, after a hearing, make such order and prescribe such terms and conditions for the construction, maintenance, and operation of the lines in question as may be just and reasonable.~~

(b) The department may, upon request of any municipal utility, electric cooperative association, public utility, telephone company, telecommunications carrier, cable company, or fiber optic carrier determine the just and reasonable charge which a railroad, or owner of an abandoned railroad right-of-way, other than the state or a regional railroad authority, can prescribe for a new or existing crossing of a railroad right-of-way by any telephone, telegraph, telecommunications, cable, fiber optic, electric, or gas line, or new or existing telephone, telegraph, telecommunications, cable, fiber optic, electric, or gas line more or less paralleling a railroad right-of-way, based on the diminution in value caused by the crossing or paralleling of the right-of-way by the telephone, telegraph, telecommunications, cable, fiber optic, electric, or gas line. This section shall not be construed to eliminate the right of a public utility, municipal utility, or electric cooperative association to have any of the foregoing issues determined pursuant to an eminent domain proceeding commenced under chapter 117. Unless the railroad, or owner of an abandoned railroad right-of-way, other than the state or a regional railroad authority, asserts in writing that the proposed crossing or paralleling is a serious threat to the safe operations of the railroad or to the current use of the railroad right-of-way, a crossing can be constructed following filing of the requested action with the department, pending review of the requested action by the department.

(c) The department shall assess the cost of reviewing the requested action, and of determining a just and reasonable charge, equally among the parties.

(d) For the purposes of this section, "parallel" or "paralleling" means that the relevant utility facilities run adjacent to and alongside the lines of a railroad for no more than one mile, or another distance agreed to by the parties, before the utility facilities cross the railroad lines, terminate, or exit the railroad right-of-way.

Sec. 37. Minnesota Statutes 2012, section 237.14, is amended to read:

237.14 RATE FOR SERVICE TO OFFICER.

A telephone company may furnish service free or at reduced rates to its officers, agents, or employees in furtherance of their employment, but it shall charge full schedule rates without discrimination for all other services. ~~Nothing herein shall release any telephone company from carrying out any contract now existing between it and any municipality for the furnishing of any service free or at reduced rates. Any contract for telephone service, at discriminatory rates, other than those with municipalities, shall be terminated by the company as soon as the same becomes terminable by its terms.~~

Sec. 38. Minnesota Statutes 2012, section 237.16, subdivision 8, is amended to read:

Subd. 8. **Rules.** (a) ~~Before August 1, 1997,~~ The commission shall adopt rules applicable to all telephone companies and telecommunications carriers required to obtain or having obtained a certificate for provision of telephone service using any existing federal standards as minimum standards and incorporating any additional standards or requirements necessary to ensure the provision of high-quality telephone services throughout the state. The rules must, at a minimum:

- (1) define procedures for competitive entry and exit;
- (2) require the provisions of equal access and interconnection with the company's network and other features, functions, and services which the commission considers necessary to promote fair and reasonable competition;
- (3) require unbundling of network services and functions to at least the level required by existing federal standards;
- (4) prescribe, if necessary, methods of reciprocal compensation between telephone companies;
- (5) provide for local telephone number portability;
- (6) prescribe appropriate regulatory standards for new local telephone service providers, that facilitate and support the development of competitive services;
- (7) protect against cross-subsidization, unfair competition, and other practices harmful to promoting fair and reasonable competition;
- (8) prescribe methods for the preservation of universal and affordable local telephone services;
- (9) prescribe standards for quality of service;
- (10) provide for the continued provision of local emergency telephone services under chapter 403; and
- (11) protect residential and commercial customers from unauthorized changes in service providers in a competitively neutral manner.

(b) ~~Before January 1, 1998, in a separate rulemaking,~~ The commission shall adopt separate rules regarding the issues described in paragraph (a), clauses (1) to (11), as may be appropriate to provision of competitive local telephone service in areas served by telephone companies with less than 50,000 subscribers ~~originally certified to provide local telephone services before January 1, 1988.~~

Sec. 39. Minnesota Statutes 2013 Supplement, section 237.16, subdivision 9, is amended to read:

Subd. 9. **Universal service fund.** The commission shall establish and require contributions to a universal service fund, to be supported by all providers of telephone services, whether or not they are telephone companies under section 237.01, including, but not limited to, local telephone companies, independent telephone companies, cooperative telephone companies, municipal telephone companies, telecommunications carriers, radio common carriers, personal communication service providers, and cellular carriers. Services that should be considered for inclusion as universal include, at a minimum, single-party service including access, usage and touch-tone capability; line quality capable of carrying facsimile and data transmissions; equal access; emergency services number capability; statewide telecommunications relay service for people with hearing loss; and blocking of long-distance toll services. The fund must be administered and distributed in accordance with rules adopted by the commission and designed to preserve the availability of universal service throughout the state. Any state universal service fund must be coordinated with any federal universal service fund and be consistent with section 254(b)(1) to (5) of the federal Telecommunications Act of 1996, Public Law 104-104. ~~The department shall make recommendations to the legislature by January 1, 1996, regarding a plan for contributions to and expenditures from the universal service fund. In particular, the department shall address the following issues:~~

~~(1) what additional services should be included in the basic set of essential telephone services which the state should encourage in its mandate to ensure universal service;~~

~~(2) whether and how expenditures from the fund should be used to ensure citizens access to local government and other public access programming; and~~

~~(3) whether expenditures from the fund should be used to encourage construction of infrastructure for, and access to, advanced services, especially in high cost areas of the state, and, if the commission determines the fund should be used for this purpose, a plan to accomplish these goals.~~

Sec. 40. Minnesota Statutes 2012, section 237.16, subdivision 12, is amended to read:

Subd. 12. **Extension of interexchange facility.** In order to promote the development of competitive interexchange services and facilities, any interexchange facility that is owned by a certified telephone company, independent telephone company, telecommunications carrier or an affiliate and that is used to provide service to customers located in areas for which it has been previously certified to provide service may be extended to meet and interconnect with the facility of another telephone company, small telephone company, or telecommunications carrier, whether at a point inside or outside of its territories, without further proceeding, order, or determination of current or future public convenience and necessity, upon mutual consent with the other telephone company, small telephone company, or telecommunications carrier whose facilities will be met and interconnected. Written notice of the extension and interconnection must be provided to the Public Utilities Commission and Department of Public Safety within 30 days after completion. The written notice must be served on all incumbent local exchange companies ~~certified before January 1, 1988,~~ in all areas where the facilities are located.

Sec. 41. Minnesota Statutes 2012, section 237.164, is amended to read:

237.164 UNIVERSAL SERVICE DISCOUNT FOR SCHOOL OR LIBRARY.

The commission shall establish intrastate service discounts for schools and libraries by order to the extent ~~and within the time frame~~ necessary to enable schools and libraries to ~~begin receiving~~ receive federally supported discounts ~~at the earliest date permitted by the Federal Communications Commission.~~

Sec. 42. Minnesota Statutes 2012, section 237.17, is amended to read:

237.17 EXTENSION OF LONG-DISTANCE LINE.

Any telephone company may extend its long-distance lines into or through any city of this state for the furnishing of long-distance service only, subject to ~~the regulation of the governing body of such city relative to the location of the poles and wires and the preservation of the safe and convenient use of such streets and alleys to the public~~ sections 237.162 and 237.163.

Sec. 43. Minnesota Statutes 2012, section 237.30, is amended to read:

237.30 TELEPHONE INVESTIGATION FUND; APPROPRIATION.

~~The sum of \$25,000 is hereby appropriated out of any moneys in the state treasury not otherwise appropriated, to establish and provide a revolving fund to be known as the A Minnesota Telephone Investigation Fund shall exist~~ for the use of the Department of Commerce and of the attorney general in investigations, valuations, and revaluations under section 237.295. All sums paid by the telephone companies to reimburse the department for its expenses pursuant to section 237.295 shall be credited to the revolving fund and shall be deposited in a separate bank account and not commingled with any other state funds or moneys, but any balance in excess of \$25,000 in the revolving fund at the end of each fiscal year shall be paid into the state treasury and credited to the general fund. ~~The sum of \$25,000 herein appropriated and~~ All subsequent credits to said revolving fund shall be paid upon the warrant of the commissioner of management and budget upon application of the department or of the attorney general to an aggregate amount of not more than one-half of such sums to each of them, which proportion shall be constantly maintained in all credits and withdrawals from the revolving fund.

Sec. 44. Minnesota Statutes 2012, section 237.46, is amended to read:

237.46 GROSS MISDEMEANOR VIOLATION.

Any telephone company or telecommunications carrier and, if it be a corporation, the officers thereof, violating any provisions of ~~sections 237.01 to 237.27, this chapter~~ shall be guilty of a gross misdemeanor.

Sec. 45. Minnesota Statutes 2012, section 237.491, is amended to read:

237.491 COMBINED PER NUMBER FEE.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "911 emergency and public safety communications program" means the program governed by chapter 403.

(c) "Minnesota telephone number" means a ten-digit telephone number being used to connect to the public switched telephone network and starting with area code 218, 320, 507, 612, 651, 763, or 952, or any subsequent area code assigned to this state.

(d) "Service provider" means a provider doing business in this state who provides real-time, two-way voice service with a Minnesota telephone number.

(e) "Telecommunications access Minnesota program" means the program governed by sections 237.50 to 237.55.

(f) "Telephone assistance program" means the program governed by sections 237.69 to ~~237.71~~ 237.71.

Subd. 2. **Per number fee.** (a) ~~By January 15, 2006, the commissioner of commerce shall report to the legislature and to the senate Committee on Jobs, Energy and Community Development and the house of representatives Committee on Regulated Industries, recommendations for the amount of and method for assessing a fee that would apply to each service provider based upon the number of Minnesota telephone numbers in use by current customers of the service provider. Annually, the commission shall set the fee would be set at a level calculated to generate only the amount of revenue necessary to fund:~~

(1) the telephone assistance program and the telecommunications access Minnesota program at the levels established by the commission under sections 237.52, subdivision 2, and 237.70; and

(2) the 911 emergency and public safety communications program at the levels appropriated by law to the commissioner of public safety and the commissioner of management and budget for purposes of sections 403.11, 403.113, 403.27, 403.30, and 403.31 for each fiscal year.

(b) The recommendations must include any changes to Minnesota Statutes necessary to establish the procedures whereby each service provider, to the extent allowed under federal law, would collect and remit the fee proceeds to the commissioner of revenue. The commissioner of revenue would allocate the fee proceeds to the three funding areas in paragraph (a) and credit the allocations to the appropriate accounts.

(c) ~~The recommendations must be designed to allow the combined per telephone number fee to be collected beginning July 1, 2006.~~ The per access line fee used to collect revenues to support the TAP, TAM, and 911 programs remains in effect until the statutory changes necessary to implement the per telephone number fee have been enacted into law and taken effect.

(d) ~~As part of the process of developing the recommendations and preparing the report to the legislature required under paragraph (a), the commissioner of commerce must, at a minimum, consult regularly with the Departments of Public Safety, Management and Budget, and Administration, the Public Utilities Commission, service providers, the chairs and ranking minority members of the senate and house of representatives committees, subcommittees, and divisions having jurisdiction over telecommunications and public safety, and other affected parties.~~

Sec. 46. Minnesota Statutes 2012, section 237.69, subdivision 1, is amended to read:

Subdivision 1. **Scope.** The terms used in sections 237.69 to ~~237.714~~ 237.71 have the meanings given them in this section.

Sec. 47. Minnesota Statutes 2012, section 237.69, subdivision 15, is amended to read:

Subd. 15. **Income.** For purposes of sections 237.69 to ~~237.714~~ 237.71, "income" has the meaning given it in section 290A.03, subdivision 3.

Sec. 48. Minnesota Statutes 2012, section 237.69, subdivision 16, is amended to read:

Subd. 16. **Telephone assistance plan.** "Telephone assistance plan" means the plan to be adopted by the commission and to be jointly administered by the commission, the Department of Human Services, and the telephone companies, as required by sections 237.69 to ~~237.714~~ 237.71.

Sec. 49. Minnesota Statutes 2012, section 237.71, is amended to read:

237.71 TAP RULES.

The commission shall adopt rules under the Administrative Procedure Act necessary or appropriate to ~~establish~~ ~~administer~~ the telephone assistance plan in accordance with this chapter ~~so that the telephone assistance plan is effective as of January 1, 1988, or as soon after that date as Federal Communications Commission approval of the telephone assistance plan is obtained.~~"

Page 35, after line 13, insert:

"Sec. 61. Minnesota Statutes 2012, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to ~~237.714~~ 237.71, with those of property tax refund filers, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law 102-234. Upon the written agreement by the United States Department of Health and Human Services to maintain the confidentiality of the data, the commissioner may provide records and information collected under sections 295.50 to 295.59 to the Centers for Medicare and Medicaid Services section of the United States Department of Health and Human Services for purposes of meeting federal reporting requirements.

(g) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

(h) The commissioner may disclose information to the commissioner of human services necessary to verify income for eligibility and premium payment under the MinnesotaCare program, under section 256L.05, subdivision 2.

(i) The commissioner may disclose information to the commissioner of human services necessary to verify whether applicants or recipients for the Minnesota family investment program, general assistance, food support, Minnesota supplemental aid program, and child care assistance have claimed refundable tax credits under chapter 290 and the property tax refund under chapter 290A, and the amounts of the credits.

(j) The commissioner may disclose information to the commissioner of human services necessary to verify income for purposes of calculating parental contribution amounts under section 252.27, subdivision 2a."

Page 36, line 27, after "115C.111;" insert "237.068; 237.16, subdivisions 10, 11, and 13; 237.18; 237.33; 237.34; 237.35; 237.36; 237.37; 237.38; 237.39; 237.40; 237.44; 237.45; 237.47; 237.67; 237.711; and 237.80, subdivision 1;"

Page 53, delete section 36

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 3, after "Commerce" insert "or the Public Utilities Commission"

Correct the title numbers accordingly

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

The report was adopted.

Atkins from the Committee on Commerce and Consumer Protection Finance and Policy to which was referred:

H. F. No. 2884, A bill for an act relating to energy; requiring a special electric tariff for charging electric vehicles; proposing coding for new law in Minnesota Statutes, chapter 216B.

Reported the same back with the following amendments:

Page 2, delete subdivision 4

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

The report was adopted.

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 2928, A bill for an act relating to public safety; providing technical amendments to criminal vehicular homicide or operation statute; clarifying driving while impaired law to work with amendments to criminal vehicular homicide and operation statute; amending Minnesota Statutes 2012, sections 169A.03, subdivisions 20, 21; 169A.24, subdivision 1; 609.21, subdivisions 1, 1a, 5; proposing coding for new law in Minnesota Statutes, chapter 609.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 2958, A bill for an act relating to civil actions; regulating certain human rights actions; requiring jury trials; amending Minnesota Statutes 2012, section 363A.33, subdivision 6.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Lesch from the Committee on Civil Law to which was referred:

H. F. No. 3017, A bill for an act relating to public safety; amending and repealing outdated and redundant statutes; providing grants for support services to victims of sexual assault and victims of crime; requiring a report on collection of data on victims of domestic abuse; amending Minnesota Statutes 2012, sections 13.823; 15.0591, subdivision 2; 299C.05; 299C.111; 403.025, subdivision 7; 403.05, subdivision 1; 403.08, subdivision 10; 518B.01, subdivision 21; 611A.0311, subdivision 2; 611A.37, subdivision 5; 611A.76; 629.342, subdivision 2; Minnesota Statutes 2013 Supplement, sections 13.82, subdivision 5; 403.11, subdivision 1; 611A.02, subdivisions 2, 3; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 2012, sections 237.83, subdivision 4; 299A.63; 299C.01, subdivision 1; 299C.04; 299C.145, subdivision 4; 299C.19; 299C.20; 299C.215; 299C.30; 299C.31; 299C.32; 299C.33; 299C.34; 299C.49; 299F.01, subdivision 1; 299F.04, subdivision 3a; 299F.37; 403.02, subdivision 15; 611A.02, subdivision 1; 611A.0311, subdivision 3; 611A.21; 611A.22; 611A.221; 611A.36; 611A.41; 611A.43; 611A.78.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 3027, A bill for an act relating to human services; modifying provisions relating to children and family services; changing requirements for the Northstar Care for Children program, background studies, adoption, and licensing; making technical changes; amending Minnesota Statutes 2012, sections 245C.04, by adding a subdivision; 256I.04, subdivision 2a; 257.85, subdivision 11; 259.41, subdivision 1; Minnesota Statutes 2013 Supplement, sections 245A.1435; 245A.50, subdivision 5; 252.27, subdivision 2a; 256B.055, subdivision 1; 256D.44, subdivision 5; 256N.02, by adding a subdivision; 256N.21, subdivision 2, by adding a subdivision; 256N.22, subdivision 6; 256N.23, subdivision 1; 256N.24, subdivisions 9, 10; 259.35, subdivision 1; 609B.445; proposing coding for new law in Minnesota Statutes, chapter 245A.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Hornstein from the Committee on Transportation Finance to which was referred:

H. F. No. 3084, A bill for an act relating to transportation; eliminating certain reporting requirements; eliminating or modernizing antiquated, unnecessary, redundant, and obsolete provisions; making conforming changes; amending Minnesota Statutes 2012, sections 12A.16, subdivision 5; 16A.633, subdivision 4; 16B.335, subdivision 1; 16B.51, subdivision 1; 161.082, subdivision 2a; 161.20, subdivision 2; 161.3410, subdivision 1; 161.3412, subdivision 2; 161.3414, subdivision 1; 161.3418, subdivision 2; 161.36, subdivision 7; 162.06, subdivision 3; 162.12, subdivision 3; 162.13, subdivision 1; 165.09, subdivision 3; 169.86, subdivision 5; 173.02, subdivisions 6, 16; 173.13, subdivision 4; 174.02, subdivisions 6, 8; 174.06, subdivision 7; 174.30, subdivision 9; 174.40, subdivision 8; 174.66; 221.022; 221.0252, subdivision 7; 221.026, subdivision 2; 221.031, subdivision 1; 221.036, subdivisions 1, 3; 302A.021, subdivision 10; 322B.02; 336.9-201; 360.015, subdivision 2; 360.511, subdivision 4; 360.55, subdivision 4; 360.59, subdivision 7; Laws 2013, chapter 117, article 1, section 3, subdivision 7; repealing Minnesota Statutes 2012, sections 160.27, subdivision 3; 160.283, subdivision 1; 161.05; 161.06; 161.07; 161.08, subdivision 1; 161.082, subdivision 3; 161.1231, subdivisions 3, 9; 161.13; 161.161; 161.201; 161.22; 161.31, subdivision 2; 161.3205; 161.3428; 161.51; 162.02, subdivision 2; 162.06, subdivision 6; 162.065; 162.08, subdivision 3; 162.09, subdivision 3; 162.12, subdivision 5; 162.125; 163.07, subdivision 3; 164.041; 164.05; 165.09, subdivision 5; 165.11; 165.13; 169.16; 169.835; 169.867; 173.0845; 173.085; 174.02, subdivision 7;

174.05; 174.06, subdivision 8; 174.19; 174.256, subdivision 5; 174.50, subdivisions 6a, 6b; 181.28; 181.29; 181.30; 218.021; 218.031, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10; 218.041, subdivisions 1, 2, 7; 219.55; 219.562, subdivisions 1, 1a, 3, 4; 219.565; 219.566; 221.123; 221.151, subdivision 1; 221.241; 221.295; 222.04; 222.06; 222.07; 222.08; 222.09; 222.10; 222.11; 222.12; 222.13; 222.141; 222.15; 222.16; 222.17; 222.18; 222.19; 222.20; 222.21; 222.22; 222.23; 222.24; 222.25; 222.28; 222.31; 222.32; 222.35; 360.013, subdivision 59; 360.015, subdivisions 11a, 17, 19; 360.55, subdivision 7; Minnesota Statutes 2013 Supplement, section 174.03, subdivision 1d.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 3167, A bill for an act relating to state financial management; modifying priorities for additional revenues; providing for contingent transfers to the budget reserve; amending Minnesota Statutes 2012, section 16A.152, subdivisions 1a, 2, by adding a subdivision; repealing Minnesota Statutes 2012, section 16A.152, subdivision 1b.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
PROPERTY TAX AIDS, CREDITS, AND REFUNDS

Section 1. **[69.022] VOLUNTEER RETENTION STIPEND AID PILOT.**

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

(b) "Emergency medical services provider" means a licensee as defined under section 144E.001, subdivision 8.

(c) "Independent nonprofit firefighting corporation" has the same meaning as used in chapter 424A.

(d) "Municipality" has the meaning given in section 69.011, but only if the municipality uses one or more qualified volunteers to provide service.

(e) "Qualified entity" means an emergency medical services provider, independent nonprofit firefighting corporation, or municipality.

(f) "Qualified volunteer" means one of the following types of volunteers who has provided service for the entire prior calendar year to a qualified entity:

(1) a volunteer firefighter as defined in section 424A.001, subdivision 10;

(2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or

(3) an emergency medical responder as defined in section 144E.001, subdivision 6, who provides emergency medical services as a volunteer.

(g) "Pilot area" means the counties of Blue Earth, Faribault, Freeborn, Martin, Steele, Waseca, and Watonwan.

Subd. 2. Aid payment and calculation. The commissioner of revenue shall pay aid to qualified entities located in the pilot area to provide funds for the qualified entities to pay annual volunteer retention stipends to qualified volunteers who provide services to the qualified entities. A qualified entity is located in the pilot area if it is a municipality located in whole or in part in the pilot area, or if it is an emergency medical services provider or independent nonprofit firefighting corporation with its main office located in the pilot area. The amount of the aid equals \$500 multiplied by the number of qualified volunteers. For purposes of calculating this aid, each individual providing volunteer service, regardless of the different types of service provided, is one qualified volunteer. The commissioner shall pay the aid to qualified entities by July 31 of the calendar year following the year in which the qualified volunteer provided service.

Subd. 3. Application. Each year each qualified entity in the pilot area may apply to the commissioner for aid under this section. The application must be made at the time and in the form prescribed by the commissioner and must provide sufficient information to permit the commissioner to determine the applicant's entitlement to aid under this section.

Subd. 4. Payment of stipends. A qualified entity receiving state aid under this section must pay the aid as retention stipends to qualified volunteers no later than September 15 of the year in which the aid was received.

Subd. 5. Report. No later than January 15, 2018, the commissioner of revenue must report to the chairs and ranking minority members of the legislative committees having jurisdiction over public safety and taxes in the senate and the house of representatives, in compliance with sections 3.195 and 3.197, on aid paid under this section. The report must include:

(1) for each county in the pilot area, a listing of the qualified entities that received aid in each of the three years of the pilot;

(2) the amount of aid paid to each qualified entity that received aid in each of the three years of the pilot; and

(3) for each qualified entity that received aid, the number of qualified volunteers who were paid stipends in each of the three years of the pilot.

The report must also provide information on the number of qualified volunteers providing service to qualified entities in each of the counties adjacent to the pilot area in each of the three years of the pilot, and must summarize changes in the number of qualified volunteers during the three years of the pilot both within the pilot area and in the adjacent counties. For purposes of this subdivision "counties adjacent to the pilot area" means the counties of Brown, Cottonwood, Dodge, Jackson, Le Sueur, Mower, Nicollet, and Rice. Qualified entities in counties adjacent to the pilot area must provide information to the commissioner necessary to the report in this subdivision in the form and manner required by the commissioner.

Subd. 6. Appropriation. An amount sufficient to pay the state aid under this section in fiscal years 2016, 2017, and 2018 is appropriated from the general fund to the commissioner of revenue. This appropriation does not become part of the agency's base budget and expires after fiscal year 2018.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for volunteer service provided beginning in calendar years 2014, 2015, and 2016, and for aid payable in calendar years 2015, 2016, and 2017.

Sec. 2. Minnesota Statutes 2012, section 273.1384, subdivision 2, is amended to read:

Subd. 2. Agricultural homestead market value credit. Property classified as agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural credit. The credit is computed using the property's agricultural credit market value, defined for this purpose as the property's market value excluding the

market value of the house, garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of the first \$115,000 of the property's agricultural credit market value ~~minus .05~~ plus 0.1 percent of the property's agricultural credit market value in excess of \$115,000, subject to a maximum ~~reduction credit~~ of ~~\$115~~ \$490. In the case of property that is classified as part homestead and part nonhomestead solely because not all the owners occupy or farm the property, not all the owners have qualifying relatives occupying or farming the property, or solely because not all the spouses of owners occupy the property, the credit must be initially computed as if that nonhomestead agricultural land was also classified as agricultural homestead and then prorated to the owner-occupant's percentage of ownership.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 3. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 4, is amended to read:

Subd. 4. **Disparity reduction credit.** (a) ~~Beginning with taxes payable in 1989,~~ Class 4a and class 3a property qualifies for a disparity reduction credit if: (1) the property is located in a border city that has an enterprise zone, as defined in section 469.166; (2) the property is located in a city with a population greater than 2,500 and less than 35,000 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city in the other state has a population of greater than 5,000 and less than 75,000 according to the 1980 decennial census.

(b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a property to ~~4.9~~ 1.7 percent of the property's taxable market value and (ii) the tax on class 3a property to ~~4.9~~ 1.7 percent of taxable market value.

(c) The county auditor shall annually certify the costs of the credits to the Department of Revenue. The department shall reimburse local governments for the property taxes forgone as the result of the credits in proportion to their total levies.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 4. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2, is amended to read:

Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

(1) ~~58.065~~ 58.064 percent must be paid to the executive director of the Public Employees Retirement Association for deposit in the public employees police and fire retirement fund established by section 353.65, subdivision 1;

(2) 35.484 percent must be paid to municipalities other than municipalities solely employing firefighters with retirement coverage provided by the public employees police and fire retirement plan which qualified to receive fire state aid in that calendar year, allocated in proportion to the most recent amount of fire state aid paid under section 69.021, subdivision 7, for the municipality bears to the most recent total fire state aid for all municipalities other than the municipalities solely employing firefighters with retirement coverage provided by the public employees police and fire retirement plan paid under section 69.021, subdivision 7, with the allocated amount for fire departments participating in the voluntary statewide lump-sum volunteer firefighter retirement plan paid to the executive director of the Public Employees Retirement Association for deposit in the fund established by section 353G.02, subdivision 3, and credited to the respective account and with the balance paid to the treasurer of each municipality for transmittal within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief association for deposit in its special fund; and

(3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement System for deposit in the state patrol retirement fund.

(b) For purposes of this section, the term "municipalities" includes independent nonprofit firefighting corporations that participate in the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 356G or with subsidiary volunteer firefighter relief associations operating under chapter 424A.

Sec. 5. Minnesota Statutes 2013 Supplement, section 477A.013, subdivision 8, is amended to read:

Subd. 8. **City formula aid.** (a) For aids payable in 2014 only, the formula aid for a city is equal to the sum of (1) its 2013 certified aid, and (2) the product of (i) the difference between its unmet need and its 2013 certified aid, and (ii) the aid gap percentage.

(b) For aids payable in 2015 and thereafter, the formula aid for a city is equal to the sum of (1) its formula aid in the previous year and (2) the product of (i) the difference between its unmet need and its ~~certified~~ formula aid in the previous year ~~under subdivision 9~~, and (ii) the aid gap percentage.

(c) For aids payable in 2015 and thereafter, if a city's certified aid from the previous year is greater than the sum of its unmet need plus its aid adjustment under subdivision 13, its formula aid is adjusted to equal its unmet need.

(d) No city may have a formula aid amount less than zero. The aid gap percentage must be the same for all cities subject to paragraph (b).

(e) The applicable aid gap percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03. Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2015 and thereafter.

Sec. 6. Minnesota Statutes 2013 Supplement, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** For aids payable in 2014, the total aid paid under section 477A.013, subdivision 9, is \$507,598,012. ~~The total aid paid under section 477A.013, subdivision 9, is \$509,098,012 for aids payable in 2015.~~ For aids payable in ~~2016~~ 2015 and thereafter, the total aid paid under section 477A.013, subdivision 9, is ~~\$511,598,012~~ the amount certified under that section in the previous year, multiplied by the inflation adjustment under subdivision 6.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2015 and thereafter.

Sec. 7. Minnesota Statutes 2012, section 477A.03, is amended by adding a subdivision to read:

Subd. 6. **Inflation adjustment.** In 2015 and thereafter, the amount paid under subdivision 2a shall be multiplied by an amount equal to one plus the sum of (1) the percentage increase in the implicit price deflator for government expenditures and gross investment for state and local government purchases as prepared by the United States Department of Commerce, for the 12-month period ending March 31 of the previous calendar year, and (2) the percentage increase in total city population for the most recently available years as of January 15 of the current year. The percentage increase in this subdivision shall not be greater than five percent.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2015 and thereafter.

Sec. 8. **[477A.18] PRODUCTION PROPERTY TRANSITION AID.**

Subdivision 1. Definitions. (a) When used in this section, the following terms have the meanings indicated in this subdivision.

(b) "Local unit" means a home rule charter or statutory city, or a town.

(c) "Net tax capacity differential" means the positive difference, if any, by which the local unit's net tax capacity was reduced from assessment year 2014 to assessment year 2015 due to the change in the definition of real property in section 272.03, subdivision 1, enacted by article 2, section 1, of this act. For purposes of determining the net tax capacity differential, any property in a job opportunity building zone under section 469.314 may not be included when calculating a local unit's net tax capacity.

Subd. 2. Aid eligibility; payment. (a) If the net tax capacity differential of the local unit exceeds five percent of its 2015 net tax capacity, the local unit is eligible for transition aid computed under paragraphs (b) to (f).

(b) For aids payable in 2016, transition aid under this section for an eligible local unit equals (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2015.

(c) For aids payable in 2017, transition aid under this section for an eligible local unit equals 80 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2016.

(d) For aids payable in 2018, transition aid under this section for an eligible local unit equals 60 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2017.

(e) For aids payable in 2019, transition aid under this section for an eligible local unit equals 40 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2018.

(f) For aids payable in 2020, transition aid under this section for an eligible local unit equals 20 percent of (1) the net tax capacity differential, times (2) the jurisdiction's tax rate for taxes payable in 2019.

(g) No aids shall be payable under this section in 2021 and thereafter.

(h) The commissioner of revenue shall compute the amount of transition aid payable to each local unit under this section. On or before August 1 of each year, the commissioner shall certify the amount of transition aid computed for aids payable in the following year for each recipient local unit. The commissioner shall pay transition aid to local units annually at the times provided in section 477A.015.

(i) The commissioner of revenue may require counties to provide any data that the commissioner deems necessary to administer this section.

Subd. 3. Appropriation. An amount sufficient to pay transition aid under this section is annually appropriated to the commissioner of revenue from the general fund.

EFFECTIVE DATE. This section is effective beginning with assessment year 2015.

Sec. 9. **SUPPLEMENTAL COUNTY PROGRAM AID FOR 2014.**

(a) Each county whose certified aid for 2014 under Minnesota Statutes, section 477A.0124, is less than the aid it received under that section in 2013 shall be eligible for supplemental aid in 2014 equal to the difference between the amount received in 2013 and the amount certified for 2014.

(b) The aid under this section shall be paid in the same manner and at the same time as the regular aid payments under Minnesota Statutes, section 477A.0124.

(c) The amount necessary to pay supplemental aid under this section is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 10. **SUPPLEMENTAL CREDIT FOR TAXES PAYABLE IN 2014 ONLY.**

Subdivision 1. **Eligibility.** Each agricultural homestead qualifying for a credit for taxes payable in 2014 under Minnesota Statutes, section 273.1384, is eligible for a supplemental credit equal to the lesser of (i) \$230, or (ii) the net property taxes payable on the property, excluding the taxes attributable to the house, garage, and surrounding one acre of land. A supplemental credit must not be paid to any property that has delinquent property taxes. By August 15, 2014, the county auditor must notify the commissioner of revenue of the name and address of the property owner of each homestead that received an agricultural credit for taxes payable in 2014, along with the net taxes due upon the agricultural homestead, whether there are any delinquent taxes on the property, and whatever other information the commissioner deems necessary, in a form prescribed by the commissioner.

Subd. 2. **Payment of supplemental credit.** The commissioner must pay supplemental credit amounts to each qualifying taxpayer by October 15, 2014.

Subd. 3. **Property tax statements for taxes payable in 2015.** In preparing proposed property tax notices for taxes payable in 2015 under Minnesota Statutes, section 275.065, and final property tax statements for taxes payable in 2015 under Minnesota Statutes, section 276.04, the auditor must indicate that the taxpayer may have received a supplemental credit under this section for taxes payable in 2014.

Subd. 4. **Appropriation.** The amount necessary to make the payments required under subdivision 2 is appropriated from the general fund to the commissioner of revenue for fiscal year 2015.

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

Sec. 11. **HOMESTEAD CREDIT REFUND AND RENTER PROPERTY TAX REFUND INCREASE.**

Subdivision 1. **Homestead credit refund increase.** For claims filed based on taxes payable in 2014, the commissioner shall increase by three percent the refund otherwise payable under Minnesota Statutes, section 290A.04, subdivision 2.

Subd. 2. **Renter property tax refund increase.** For claims filed based on rent paid in 2013, the commissioner shall increase by six percent the refund otherwise payable under Minnesota Statutes, section 290A.04, subdivision 2a.

Subd. 3. **Appropriation.** The amount necessary to make the payments required under this section in fiscal years 2015 and 2016 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for refund claims based on taxes payable in 2014 and rent paid in 2013 only.

Sec. 12. **2013 CITY AID PENALTY FORGIVENESS; CITY OF BLUFFTON.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Bluffton shall receive the half of its aid payments for calendar years 2011, 2012, and 2013 under Minnesota Statutes, section 477A.013, that were withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the

commissioner of revenue that it received audited financial statements from the city for calendar years 2010, 2011, and 2012 by December 31, 2013, and for calendar year 2013 by June 30, 2014. The commissioner of revenue shall make a payment of \$20,000 with the first payment of aids under Minnesota Statutes, section 477A.015, in calendar year 2014. The commissioner shall pay the remaining amount, totaling \$28,151.50, with the first payment of aids under Minnesota Statutes, section 477A.015, in calendar year 2015. \$20,000 in fiscal year 2015 and \$28,151.50 in fiscal year 2016 are appropriated from the general fund to the commissioner of revenue to make payments under this section.

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

Sec. 13. **ADDITIONAL SUPPLEMENTAL AID REVISION FOR OMITTED 2013 INDEPENDENT NONPROFIT FIREFIGHTING CORPORATIONS.**

(a) Notwithstanding any provision of Minnesota Statutes, chapter 423A, to the contrary, this section modifies the allocation of the police and fire supplemental retirement state aid under Minnesota Statutes 2013 Supplement, section 423A.022, for October 1, 2014.

(b) Before the allocation of the police and fire supplemental retirement state aid is made for October 1, 2014, the commissioner of revenue shall:

(1) determine those fire departments that qualified for fire state aid under Minnesota Statutes 2012, section 69.021, subdivision 7, on October 1, 2013, did not receive a 2013 allocation of police and fire supplemental retirement state aid, and were an independent nonprofit firefighting corporation; and

(2) determine the amount of police and fire supplemental retirement state aid under Minnesota Statutes 2013 Supplement, section 423A.022, that the fire departments described in clause (1) would have received on October 1, 2013, if the fire departments had been included in that allocation.

(c) The total amount determined in paragraph (b), clause (2), must be deducted from the amount available for allocation under Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 2, clause (2), and the commissioner of revenue shall pay to the fire departments determined in paragraph (b), clause (1), their respective portion of the total as an additional payment on October 1, 2014.

(d) The remaining amount after the deduction of the total amount under paragraph (c) must be allocated as provided in section 1.

ARTICLE 2
PROPERTY TAXES

Section 1. Minnesota Statutes 2012, section 272.02, subdivision 10, is amended to read:

Subd. 10. **Personal property used for pollution control.** Personal property used primarily for the abatement and control of air, water, or land pollution is exempt to the extent that it is so used, and real property is exempt if it is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this subdivision, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air, water, or land pollution shall file an application with the commissioner of revenue. If the property is an electric power generation facility located in a city, then the commissioner shall notify the county assessor and city finance officer of the jurisdictions that host the facility that the application has been received. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information and advice to the commissioner.

The information and advice furnished by the Minnesota Pollution Control Agency must include statements as to whether the equipment, device, or real property meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency, and whether the equipment, device, or real property is installed or operated in accordance with it. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. If the property is an electric power generation facility located in a city, then the commissioner shall provide notification of the order to the county assessor and city finance officer of the jurisdictions that host the facility. The equipment, device, or real property shall continue to be exempt from taxation as long as the order issued by the commissioner remains in effect.

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

Sec. 2. Minnesota Statutes 2012, section 272.02, subdivision 24, is amended to read:

Subd. 24. ~~Electric power photovoltaic devices~~ **Solar energy-generating systems.** ~~Photovoltaic devices~~ Personal property consisting of solar energy-generating systems, as defined in section 216C.06, subdivision 16 272.0295, installed after January 1, 1992, and used to produce or store electric power are is exempt. The value of the real property on which the solar energy-generating system is located shall be valued in the same manner as similar real property that has not been improved with a solar energy-generating system. The real property shall be classified based on the most probable use of the property if it was not improved with a solar energy-generating system.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 3. Minnesota Statutes 2012, section 272.0211, subdivision 1, is amended to read:

Subdivision 1. **Efficiency determination and certification.** An owner or operator of a new or existing electric power generation facility, excluding wind energy conversion systems, may apply to the commissioner of revenue for a market value exclusion on the property as provided for in this section. This exclusion shall apply only to the market value of the equipment of the facility, and shall not apply to the structures and the land upon which the facility is located. The commissioner of revenue shall prescribe the forms and procedures for this application. Upon receiving the application, the commissioner of revenue shall: (1) request the commissioner of commerce to make a determination of the efficiency of the applicant's electric power generation facility; and (2), if the facility is in a city, notify the county assessor and city finance officer of the jurisdictions that host the facility that an application for an exclusion is being processed. The commissioner of commerce shall calculate efficiency as the ratio of useful energy outputs to energy inputs, expressed as a percentage, based on the performance of the facility's equipment during normal full load operation. The commissioner must include in this formula the energy used in any on-site preparation of materials necessary to convert the materials into the fuel used to generate electricity, such as a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value (HHV) for all substances in the commissioner's efficiency calculations, except for wood for fuel in a biomass-eligible project under section 216B.2424; for these instances, the commissioner shall adjust the heating value to allow for energy consumed for evaporation of the moisture in the wood. The applicant shall provide the commissioner of commerce with whatever information the commissioner deems necessary to make the determination. Within 30 days of the receipt of the necessary information, the commissioner of commerce shall certify the findings of the efficiency determination to the commissioner of revenue and to the applicant. The commissioner of commerce shall determine the efficiency of the facility and certify the findings of that determination to the commissioner of revenue every two years thereafter from the date of the original certification.

EFFECTIVE DATE. This section is effective beginning with assessment year 2014.

Sec. 4. Minnesota Statutes 2012, section 272.0211, subdivision 2, is amended to read:

Subd. 2. **Sliding scale exclusion.** Based upon the efficiency determination provided by the commissioner of commerce as described in subdivision 1, the commissioner of revenue shall subtract eight percent of the taxable market value of the qualifying property for each percentage point that the efficiency of the specific facility, as determined by the commissioner of commerce, is above 40 percent. The reduction in taxable market value shall be reflected in the taxable market value of the facility beginning with the assessment year immediately following the determination. ~~For a facility that is assessed by the county in which the facility is located,~~ The commissioner of revenue shall certify to the assessor of that county and, if located in a city, the finance officer of that city the percentage of the taxable market value of the facility to be excluded.

EFFECTIVE DATE. This section is effective beginning with assessment year 2014.

Sec. 5. **[272.0295] SOLAR ENERGY PRODUCTION TAX.**

Subdivision 1. **Production tax.** A tax is imposed on the production of electricity from a solar energy-generating system used as an electric power source.

Subd. 2. **Definitions.** (a) For the purposes of this section, the term "solar energy-generating system" means a set of devices whose primary purpose is to produce electricity by means of any combination of collecting, transferring, or converting solar-generated energy.

(b) The total size of a solar energy-generating system under this subdivision shall be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of a solar energy-generating system shall be combined with the nameplate capacity of any other solar energy-generating system that is:

(1) constructed within the same 12-month period as the solar energy-generating system; and

(2) exhibits characteristics of being a single development, including but not limited to ownership structure, an umbrella sales arrangement, shared interconnection, revenue-sharing arrangements, and common debt or equity financing.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system and shall draw all reasonable inferences in favor of combining the systems.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two solar energy-generating systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Solar energy-generating systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

Subd. 3. **Rate of tax.** (a) For a solar energy-generating system with a capacity exceeding one megawatt alternating current, the tax is \$1.20 per megawatt-hour.

(b) A solar energy-generating system with a capacity of one megawatt alternating current or less is exempt from the tax imposed under this section.

Subd. 4. **Reports.** An owner of a solar energy-generating system subject to tax under this section shall file a report with the commissioner of revenue annually on or before January 15 detailing the amount of electricity in megawatt-hours that was produced by the system in the previous calendar year. The commissioner shall prescribe

the form of the report. The report must contain the information required by the commissioner to determine the tax due to each county under this section for the current year. If an owner of a solar energy-generating system subject to taxation under this section fails to file the report by the due date, the commissioner of revenue shall determine the tax based upon the nameplate capacity of the system multiplied by a capacity factor of 30 percent.

Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of revenue shall notify the owner of each solar energy-generating system of the tax due to each county for the current year and shall certify to the county auditor of each county in which the system is located the tax due from each owner for the current year.

(b) If the commissioner of revenue determines that the amount of production tax has been erroneously calculated, the commissioner may correct the error. The commissioner must notify the owner of the solar energy-generating system of the correction and the amount of tax due to each county and must certify the correction to the county auditor of each county in which the system is located on or before April 1 of the current year.

Subd. 6. **Payment of tax; collection.** The amount of production tax determined under subdivision 5 must be paid to the county treasurer at the time and in the manner provided for payment of property taxes under section 277.01, subdivision 3, and, if unpaid, is subject to the same enforcement, collection, and interest and penalties as delinquent personal property taxes. Except to the extent inconsistent with this section, the provisions of sections 277.01 to 277.24 and 278.01 to 278.14 apply to the taxes imposed under this section, and for purposes of those provisions, the taxes imposed under this section are considered personal property taxes.

Subd. 7. **Distribution of revenues.** Revenues from the taxes imposed under this section must be part of the settlement between the county treasurer and the county auditor under section 276.09. The revenue must be distributed by the county auditor or the county treasurer to local taxing jurisdictions in which the solar energy-generating system is located as follows: 80 percent to counties; and 20 percent to cities and townships.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 6. Minnesota Statutes 2012, section 272.03, subdivision 1, is amended to read:

Subdivision 1. **Real property.** (a) For the purposes of taxation, "real property" includes the land itself, rails, ties, and other track materials annexed to the land, and all buildings, structures, and improvements or other fixtures on it, bridges of bridge companies, and all rights and privileges belonging or appertaining to the land, and all mines, iron ore and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under it.

(b) A building or structure shall include the building or structure itself, together with all improvements or fixtures annexed to the building or structure, which are integrated with and of permanent benefit to the building or structure, regardless of the present use of the building, and which cannot be removed without substantial damage to itself or to the building or structure.

(c)(i) Real property does not include tools, implements, machinery, and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment, and mine shafts, tunnels, and other underground openings used to extract ores and minerals taxed under chapter 298 together with steel, concrete, and other materials used to support such openings.

(ii) The exclusion provided in clause (i) shall not apply to machinery and equipment includable as real estate by paragraphs (a) and (b) even though such machinery and equipment is used in the business or production activity conducted on the real property if and to the extent such business or production activity consists of furnishing services or products to other buildings or structures which are subject to taxation under this chapter.

(iii) The exclusion provided in clause (i) does not apply to the exterior shell of a structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has structural, insulation, or temperature control functions or provides protection from the elements, unless the structure is primarily used in the production of biofuels, wine, beer, distilled beverages, or dairy products. Such an exterior shell is included in the definition of real property even if it also has special functions distinct from that of a building, or if such an exterior shell is primarily used for the storage of ingredients or materials used in the production of biofuels, wine, beer, distilled beverages, or dairy products, or for the storage of finished biofuels, wine, beer, distilled beverages, or dairy products.

(d) The term real property does not include tools, implements, machinery, equipment, poles, lines, cables, wires, conduit, and station connections which are part of a telephone communications system, regardless of attachment to or installation in real property and regardless of size, weight, or method of attachment or installation.

EFFECTIVE DATE. This section is effective beginning with assessment year 2015.

Sec. 7. Minnesota Statutes 2012, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net class rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a class rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

(1) any person who is blind as defined in section 256D.35, or the blind person and the blind person's spouse;

(2) any person who is permanently and totally disabled or by the disabled person and the disabled person's spouse; or

(3) the surviving spouse of a permanently and totally disabled veteran homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net class rate of .45 percent of its market value. The remaining market value of class 1b property has a class rate using the rates for class 1a or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and

that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The class rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

~~(d) Class 1d property includes structures that meet all of the following criteria:~~

~~(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;~~

~~(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;~~

~~(3) the structure meets all applicable health and safety requirements for the appropriate season; and~~

~~(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.~~

~~The market value of class 1d property has the same class rates as class 1a property under paragraph (a).~~

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2016 and thereafter.

Sec. 8. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 23, is amended to read:

Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land under the same ownership. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a or 1b property under subdivision 22. The value of the remaining land including improvements up to the first tier valuation limit of agricultural homestead property has a net class rate of 0.5 percent of market value. The remaining property over the first tier has a class rate of one percent of market value. For purposes of this subdivision, the "first tier valuation limit of agricultural homestead property" and "first tier" means the limit certified under section 273.11, subdivision 23.

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a net class rate of one percent of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property must also include any property that would otherwise be classified as 2b, but is interspersed with class 2a property, including but not limited to sloughs, wooded wind shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement, and other similar land that is impractical for the assessor to value separately from the rest of the property or that is unlikely to be able to be sold separately from the rest of the property.

An assessor may classify the part of a parcel described in this subdivision that is used for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

(c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that are unplatted real estate, rural in character and not used for agricultural purposes, including land used for growing trees for timber, lumber, and wood and wood products, that is not improved with a structure. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph. Any parcel of 20 acres or more improved with a structure that is not a minor, ancillary nonresidential structure must be split-classified, and ten acres must be assigned to the split parcel containing the structure. Class 2b property has a net class rate of one percent of market value unless it is part of an agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920 acres statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource management incentive program. It has a class rate of .65 percent, provided that the owner of the property must apply to the assessor in order for the property to initially qualify for the reduced rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. If the assessor receives the application and information before May 1 in an assessment year, the property qualifies beginning with that assessment year. If the assessor receives the application and information after April 30 in an assessment year, the property may not qualify until the next assessment year. The commissioner of natural resources must concur that the land is qualified. The commissioner of natural resources shall annually provide county assessors verification information on a timely basis. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph.

(e) Agricultural land as used in this section means:

(1) contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes; or

(2) contiguous acreage used during the preceding year for an intensive livestock or poultry confinement operation, provided that land used only for pasturing or grazing does not qualify under this clause.

"Agricultural purposes" as used in this section means the raising, cultivation, drying, or storage of agricultural products for sale, or the storage of machinery or equipment used in support of agricultural production by the same farm entity. For a property to be classified as agricultural based only on the drying or storage of agricultural products, the products being dried or stored must have been produced by the same farm entity as the entity operating the drying or storage facility. "Agricultural purposes" also includes enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar state or federal conservation program if the property was classified as agricultural (i) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying program and the land remains enrolled or (ii) in the year prior to its enrollment. Agricultural classification shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

"Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion of, a set of contiguous tax parcels under that section that are owned by the same person.

(f) Agricultural land under this section also includes:

(1) contiguous acreage that is less than ten acres in size and exclusively used in the preceding year for raising or cultivating agricultural products; or

(2) contiguous acreage that contains a residence and is less than 11 acres in size, if the contiguous acreage exclusive of the house, garage, and surrounding one acre of land was used in the preceding year for one or more of the following three uses:

(i) for an intensive grain drying or storage operation, or for intensive machinery or equipment storage activities used to support agricultural activities on other parcels of property operated by the same farming entity;

(ii) as a nursery, provided that only those acres used intensively to produce nursery stock are considered agricultural land; or

(iii) for intensive market farming; for purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

"Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as described in section 272.193, or all of a set of contiguous tax parcels under that section that are owned by the same person.

(g) Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

(h) The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(i) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses, which may include related horse training and riding instruction, if the boarding is done on property that is also used for raising pasture to graze horses or raising or cultivating other agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised (i) on a game farm licensed under section 97A.105, provided that the annual licensing report to the Department of Natural Resources, which must be submitted annually by March 30 to the assessor, indicates that at least 500 birds were raised or used for breeding stock on the property during the preceding year and that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, including short rotation woody crops, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota Department of Agriculture under chapter 28A as a food processor.

(j) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

(k) The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

~~(l) Class 2d airport landing area consists of a landing area or public access area of a privately owned public use airport. It has a class rate of one percent of market value. To qualify for classification under this paragraph, a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:~~

~~(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;~~

~~(ii) the land is part of the airport property; and~~

~~(iii) the land is not used for commercial or residential purposes.~~

~~The land contained in a landing area under this paragraph must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of this paragraph. For purposes of this paragraph, "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.~~

~~(m) Class 2e consists of land with a commercial aggregate deposit that is not actively being mined and is not otherwise classified as class 2a or 2b, provided that the land is not located in a county that has elected to opt out of the aggregate preservation program as provided in section 273.1115, subdivision 6. It has a class rate of one percent of market value. To qualify for classification under this paragraph, the property must be at least ten contiguous acres in size and the owner of the property must record with the county recorder of the county in which the property is located an affidavit containing:~~

~~(1) a legal description of the property;~~

~~(2) a disclosure that the property contains a commercial aggregate deposit that is not actively being mined but is present on the entire parcel enrolled;~~

~~(3) documentation that the conditional use under the county or local zoning ordinance of this property is for mining; and~~

~~(4) documentation that a permit has been issued by the local unit of government or the mining activity is allowed under local ordinance. The disclosure must include a statement from a registered professional geologist, engineer, or soil scientist delineating the deposit and certifying that it is a commercial aggregate deposit.~~

~~For purposes of this section and section 273.1115, "commercial aggregate deposit" means a deposit that will yield crushed stone or sand and gravel that is suitable for use as a construction aggregate; and "actively mined" means the removal of top soil and overburden in preparation for excavation or excavation of a commercial deposit.~~

~~(n) When any portion of the property under this subdivision or subdivision 22 begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined must be (1) valued and classified under subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under section 273.1115, if the land was enrolled in that program. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres.~~

~~(o) (l) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in section 14.386 concerning exempt rules do not apply.~~

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2016 and thereafter.

Sec. 9. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 25, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a class rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units, including property on a nonhomestead farm, that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision; and

~~(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and~~

~~(4) unimproved property that is classified residential as determined under subdivision 33.~~

The market value of class 4b property has a class rate of 1.25 percent.

(c) Class 4bb includes nonhomestead residential real estate containing one unit, other than seasonal residential recreational property, and a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb property has the same class rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real and personal property devoted to commercial temporary and seasonal residential occupancy for recreation purposes, for not more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property under this clause must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. A camping pad offered for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c under this clause regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified under this clause, either (i) the business located on the property must provide recreational activities, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (B) at least 20 percent of the annual gross receipts must be from charges for providing recreational activities, or (ii) the business must contain 20 or fewer rental units, and must be located in a township or a city with a population of 2,500 or less located outside the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion of a state trail administered by the Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c property also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property

classified under this clause and devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. In order for a property to qualify for classification under this clause, the owner must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c under this clause as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property under this clause must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c. For the purposes of this paragraph, "recreational activities" means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina services, launch services, or guide services; or selling bait and fishing tackle;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and not used for residential purposes on either a temporary or permanent basis, provided that:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause:

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal Revenue Code; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision 3a;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2; and

~~(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:~~

~~(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and~~

~~(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.~~

~~If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;~~

~~(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:~~

~~(i) the land abuts a public airport; and~~

~~(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and~~

~~(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:~~

- ~~(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;~~
- ~~(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;~~
- ~~(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and~~
- ~~(iv) the owner is the operator of the property.~~

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22;

~~(10) real property up to a maximum of three acres and operated as a restaurant as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B) is either devoted to commercial purposes for not more than 250 consecutive days, or receives at least 60 percent of its annual gross receipts from business conducted during four consecutive months. Gross receipts from the sale of alcoholic beverages must be included in determining the property's qualification under subitem (B). The property's primary business must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the premises must be excluded. Owners of real property desiring 4c classification under this clause must submit an annual declaration to the assessor by February 1 of the current assessment year, based on the property's relevant information for the preceding assessment year;~~

~~(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public and devoted to recreational use for marina services. The marina owner must annually provide evidence to the assessor that it provides services, including lake or river access to the public by means of an access ramp or other facility that is either located on the property of the marina or at a publicly owned site that abuts the property of the marina. No more than 800 feet of lakeshore may be included in this classification. Buildings used in conjunction with a marina for marina services, including but not limited to buildings used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified as class 3a property; and~~

~~(12) (7) real and personal property devoted to noncommercial temporary and seasonal residential occupancy for recreation purposes.~~

Class 4c property has a class rate of 1.5 percent of market value, except that (i) each parcel of noncommercial seasonal residential recreational property under clause ~~(12) (7)~~ has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same class rate as class 4b property, and the market value of manufactured home parks assessed under clause (5), item (ii), has the same class rate as class 4d property a classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a class rate of one percent if 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential recreational property ~~and marina recreational land as described in clause (11)~~, has a class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a class rate of one percent, and (v) the market value of property described in clauses (2), and (6), ~~and (10)~~ has a class rate of 1.25 percent, and (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified

by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

(f) The first tier of market value of class 4d property has a class rate of 0.75 percent. The remaining value of class 4d property has a class rate of 0.25 percent. For the purposes of this paragraph, the "first tier of market value of class 4d property" means the market value of each housing unit up to the first tier limit. For the purposes of this paragraph, all class 4d property value must be assigned to individual housing units. The first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is adjusted each year by the average statewide change in estimated market value of property classified as class 4a and 4d under this section for the previous assessment year, excluding valuation change due to new construction, rounded to the nearest \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with assessment year 2015, the commissioner of revenue must certify the limit for each assessment year by November 1 of the previous year.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2016 and thereafter.

Sec. 10. Minnesota Statutes 2012, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

(b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, \$300,000 of market value is excluded.

(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the current taxes payable year and for ~~five~~ eight additional taxes payable years or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first. Qualification under this paragraph requires an annual application under paragraph (h).

(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), for ~~five~~ eight taxes payable years, or until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, whichever comes first.

(e) If a veteran meets the disability criteria of paragraph (a) but does not own property classified as homestead in the state of Minnesota, then the homestead of the veteran's primary family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify for under paragraph (b).

(f) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(g) A property qualifying for a valuation exclusion under this subdivision is not eligible for the market value exclusion under subdivision 35, or classification under subdivision 22, paragraph (b).

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by July 1 of each assessment year, except that an annual reapplication is not required once a property has been accepted for a valuation exclusion under paragraph (a) and qualifies for the benefit described in paragraph (b), clause (2), and the property continues to qualify until there is a change in ownership. For an application received after July 1 of any calendar year, the exclusion shall become effective for the following assessment year.

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (d) must be made any time within two years of the death of the service member.

(j) For purposes of this subdivision:

(1) "active service" has the meaning given in section 190.05;

(2) "own" means that the person's name is present as an owner on the property deed;

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G; and

(4) "veteran" has the meaning given the term in section 197.447.

(k) The purpose of this provision of law providing a level of homestead property tax relief for gravely disabled veterans, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear those burdens most heavily.

EFFECTIVE DATE. This section is effective for taxes payable in 2015, and applies to homesteads that initially qualified for the exclusion for taxes payable in 2009 and thereafter.

Sec. 11. Minnesota Statutes 2012, section 275.025, subdivision 2, is amended to read:

Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, ~~except for excluding:~~ (1) the first tier of commercial-industrial value as defined under section 273.13, subdivision 24; (2) electric generation attached machinery under class 3; and (3) property described in section 473.625. County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 12. Minnesota Statutes 2012, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 15 30, ~~each taxing authority, other than a school district, shall adopt a proposed budget and county and each home rule charter or statutory city shall certify to the county auditor the proposed or, in the case of a town, the final~~ property tax levy for taxes payable in the following year.

(b) Notwithstanding any law or charter to the contrary, on or before September 15, each town and each special taxing district shall adopt and certify to the county auditor a proposed property tax levy for taxes payable in the following year. For towns, the final certified levy shall also be considered the proposed levy.

(c) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

~~(d)~~ (d) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by ~~September 15~~ the date specified in paragraph (a), the city shall be deemed to have certified its levies for those taxing jurisdictions.

~~(d)~~ (e) For purposes of this section, ~~"taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and~~ "special taxing district" means a special taxing district as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

~~(e)~~ (f) At the meeting at which ~~the~~ a taxing authority, other than a town, adopts its proposed tax levy under ~~paragraph (a) or (b)~~ this subdivision, the taxing authority shall announce the time and place of its subsequent regularly scheduled meetings at which the budget and levy will be discussed and at which the public will be allowed to speak. The time and place of those meetings must be included in the proceedings or summary of proceedings published in the official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

Sec. 13. **REPEALER.**

Minnesota Statutes 2012, section 273.1115, is repealed.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2016 and thereafter.

ARTICLE 3 SALES, USE, AND EXCISE TAXES

Section 1. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 2, is amended to read:

Subd. 2. **Qualified business.** (a) A business is a qualified business if it satisfies the requirement of this paragraph and is not disqualified under the provisions of paragraph (b). To qualify, the business must:

(1) have operated its trade or business in a city or cities in greater Minnesota for at least one year before applying under subdivision 3;

(2) pay or agree to pay in the future each employee compensation, including benefits not mandated by law, that on an annualized basis equal at least 120 percent of the federal poverty level for a family of four;

(3) plan and agree to expand its employment in one or more cities in greater Minnesota by the minimum number of employees required under subdivision 3, paragraph (c); and

(4) have received certification from the commissioner under subdivision 3 that it is a qualified business.

(b) A business is not a qualified business if it is either:

(1) primarily engaged in making retail sales to purchasers who are physically present at the business's location or locations in greater Minnesota; ~~or~~

(2) a public utility, as defined in section 336B.01; or

(3) 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.

(c) The requirements in paragraph (a) that the business's operations and expansion be located in a city do not apply to an agricultural processing facility.

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

Sec. 2. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 3, is amended to read:

Subd. 3. **Certification of qualified business.** (a) A business may apply to the commissioner for certification as a qualified business under this section. The commissioner shall specify the form of the application, the manner and times for applying, and the information required to be included in the application. The commissioner may impose an application fee in an amount sufficient to defray the commissioner's cost of processing certifications. A business must file a copy of its application with the chief clerical officer of the city at the same time it applies to the commissioner. For an agricultural processing facility located outside the boundaries of a city, the business must file a copy of the application with the county auditor.

(b) The commissioner shall certify each business as a qualified business that:

(1) satisfies the requirements of subdivision 2;

(2) the commissioner determines would not expand its operations in greater Minnesota without the tax incentives available under subdivision 4; and

(3) enters a business subsidy agreement with the commissioner that pledges to satisfy the minimum expansion requirements of paragraph (c) within three years or less following execution of the agreement.

The commissioner must act on an application within ~~60~~ 90 days after its filing. Failure by the commissioner to take action within the ~~60-day~~ 90-day period is deemed approval of the application.

~~(c) The following minimum expansion requirements apply, based on the number of employees of the business at locations in greater Minnesota:~~

~~(1) a business that employs 50 or fewer full-time equivalent employees in greater Minnesota when the agreement is executed must increase its employment by five or more full-time equivalent employees;~~

~~(2) a business that employs more than 50 but fewer than 200 full-time equivalent employees in greater Minnesota when the agreement is executed must increase the number of its full-time equivalent employees in greater Minnesota by at least ten percent; or~~

~~(3) a business that employs 200 or more full-time equivalent employees in greater Minnesota when the agreement is executed must increase its employment by at least 21 full-time equivalent employees (c) The business must increase the number of full-time equivalent employees in greater Minnesota from the time the business subsidy agreement is executed by two employees or ten percent, whichever is greater.~~

(d) The city, or a county for an agricultural processing facility located outside the boundaries of a city, in which the business proposes to expand its operations may file comments supporting or opposing the application with the commissioner. The comments must be filed within 30 days after receipt by the city of the application and may include a notice of any contribution the city or county intends to make to encourage or support the business expansion, such as the use of tax increment financing, property tax abatement, additional city or county services, or other financial assistance.

(e) Certification of a qualified business is effective for the ~~12-year~~ seven-year period beginning on the first day of the calendar month immediately following ~~execution of the business subsidy agreement~~ the date that the commissioner informs the business of the award of the benefit.

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

Sec. 3. Minnesota Statutes 2013 Supplement, section 116J.8738, subdivision 4, is amended to read:

Subd. 4. **Available tax incentives.** A qualified business is entitled to a sales tax exemption, up to \$2,000,000 annually and \$10,000,000 during the total period of the agreement, as provided in section 297A.68, subdivision 44, for purchases made during the period the business was certified as a qualified business under this section. The commissioner has discretion to set the maximum amounts of the annual and total sales tax exemption allowed for each qualifying business as part of the business subsidy agreement.

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

Sec. 4. **[168A.125] TRANSFER-ON-DEATH OF TITLE TO MOTOR VEHICLE.**

Subdivision 1. **Titled as transfer-on-death.** A motor vehicle may be titled in transfer-on-death or TOD form by a natural person by including in the certificate of title a designation of a beneficiary or beneficiaries who are natural persons to whom the motor vehicle must be transferred on death of the owner or the last survivor of joint owners with rights of survivorship, subject to the rights of all secured parties.

Subd. 2. **Designation of beneficiary.** A motor vehicle is registered in transfer-on-death form by designating on the certificate of title the name of the owner and the names of joint owners with identification of rights of survivorship, followed by the words "transfer-on-death to (name of beneficiary or beneficiaries)." The designation "TOD" may be used instead of "transfer-on-death." A title in transfer-on-death form is not required to be supported by consideration, and the certificate of title in which the designation is made is not required to be delivered to the beneficiary or beneficiaries in order for the designation to be effective.

Subd. 3. **Interest of beneficiary.** The transfer-on-death beneficiary or beneficiaries shall have no interest in the motor vehicle until the death of the owner or the last survivor of the joint owners with right of survivorship. A beneficiary designation may be changed at any time by the owner or by all joint owners with rights of survivorship, without the consent of the beneficiary or beneficiaries, by filing an application for a new certificate of title.

Subd. 4. Vesting of ownership in beneficiary. Ownership of a motor vehicle titled in transfer-on-death form shall vest in the designated beneficiary or beneficiaries on the death of the owner or the last of the joint owners with right of survivorship, subject to the rights of all secured parties. The transfer-on-death beneficiary or beneficiaries who survive the owner may apply for a new certificate of title to the motor vehicle upon submitting proof of the death of the owner of the motor vehicle. If no transfer-on-death beneficiary or beneficiaries survive the owner of a motor vehicle, the motor vehicle must be included in the probate estate of the deceased owner. A transfer of a motor vehicle to a transfer-on-death beneficiary or beneficiaries is not a testamentary transfer.

Subd. 5. Rights of creditors. This section does not limit the rights of any secured party or creditor of the owner of a motor vehicle against a transfer-on-death beneficiary or beneficiaries.

Sec. 5. Minnesota Statutes 2013 Supplement, section 289A.20, subdivision 4, is amended to read:

Subd. 4. Sales and use tax. (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit ~~90~~ 82 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) \$10,000 or more, but less than ~~\$120,000~~ \$250,000 during a fiscal year ending June 30, 2013, and fiscal years thereafter, must remit by electronic means all liabilities on returns due for periods beginning in all subsequent calendar years on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4; or

(2) ~~\$120,000~~ \$250,000 or more, during a fiscal year ending June 30, ~~2009~~ 2013, and fiscal years thereafter, must remit by electronic means all liabilities in the manner provided in paragraph (a) on returns due for periods beginning in the subsequent calendar year, except for ~~90~~ 82 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

EFFECTIVE DATE. This section is effective for taxes remitted after May 30, 2014.

Sec. 6. Minnesota Statutes 2012, section 289A.60, subdivision 15, is amended to read:

Subd. 15. **Accelerated payment of June sales tax liability; penalty for underpayment.** For payments made after December 31, ~~2006~~ 2013, if a vendor is required by law to submit an estimation of June sales tax liabilities and ~~90~~ 82 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of ~~90~~ 82 percent of the preceding May's liability or ~~90~~ 82 percent of the average monthly liability for the previous calendar year.

EFFECTIVE DATE. This section is effective for taxes remitted after May 30, 2014.

Sec. 7. Minnesota Statutes 2012, section 297A.67, subdivision 13a, is amended to read:

Subd. 13a. **Instructional materials.** Instructional materials, other than textbooks, that are prescribed for use in conjunction with a course of study in a postsecondary school, college, university, or private career school to students who are regularly enrolled at such institutions are exempt. For purposes of this subdivision, "instructional materials" means materials required to be used directly in the completion of the course of study, including, but not limited to, interactive CDs, tapes, digital audio works, digital audiovisual works, and computer software.

Instructional materials do not include general reference works or other items incidental to the instructional process such as pens, pencils, paper, folders, or computers. For purposes of this subdivision, "school" and "private career school" have the meanings given in subdivision 13.

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

Sec. 8. Minnesota Statutes 2012, section 297A.67, is amended by adding a subdivision to read:

Subd. 33. **Presentations accessed as digital audio and audiovisual works.** The charge for a live or prerecorded presentation, such as a lecture, seminar, workshop, or course, where participants access the presentation as a digital audio work or digital audiovisual work, and are connected to the presentation via the Internet, telecommunications equipment or other device that transfers the presentation electronically, is exempt if:

(1) participants and the presenter, during the time that participants access the presentation, are able to give, receive, and discuss the presentation with each other, although the amount of interaction and when in the presentation the interaction occurs may be limited by the presenter; and

(2) for those presentations where participants are given the option to attend the same presentation in person:

(i) any limitations on the amount of interaction and when it occurs during the presentation are the same for those participants accessing the presentation electronically as those attending in person; and

(ii) the admission to the in person presentation is not subject to tax under this chapter.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 9. Minnesota Statutes 2012, section 297A.68, is amended by adding a subdivision to read:

Subd. 3a. **Coin-operated entertainment and amusement devices.** Coin-operated entertainment and amusement devices, including, but not limited to, fortune-telling machines, cranes, foosball and pool tables, video and pinball games, batting cages, rides, photo or video booths, and jukeboxes, are exempt when purchased by retailers selling admission to places of amusement and making available amusement devices as provided in section 297A.61, subdivision 3, paragraph (g), clause (1).

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 10. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 42, is amended to read:

Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology equipment and computer software for use in a qualified data center, or a qualified refurbished data center, are exempt. The tax on purchases exempt under this paragraph must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30, 2013, in the manner provided in section 297A.75. This exemption includes enterprise information technology equipment and computer software purchased to replace or upgrade enterprise information technology equipment and computer software in a qualified data center, or a qualified refurbished data center.

(b) Electricity used or consumed in the operation of a qualified data center, or a qualified refurbished data center, is exempt.

(c) For purposes of this subdivision, "qualified data center, ~~or a qualified refurbished data center,~~ " means a facility in Minnesota:

(1) that is comprised of one or more buildings that consist in the aggregate of at least 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where the total cost of construction or refurbishment, investment in enterprise information technology equipment, and computer software is at least \$30,000,000 within a 48-month period;

(2) that is constructed or substantially refurbished after June 30, 2012, where "substantially refurbished" means that at least 25,000 square feet have been rebuilt or modified, including:

(i) installation of enterprise information technology equipment, environmental control, computer software, and energy efficiency improvements; and

(ii) building improvements; and

(3) that is used to house enterprise information technology equipment, where the facility has the following characteristics:

(i) uninterruptible power supplies, generator backup power, or both;

(ii) sophisticated fire suppression and prevention systems; and

(iii) enhanced security. A facility will be considered to have enhanced security if it has restricted access to the facility to selected personnel; permanent security guards; video camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

In determining whether the facility has the required square footage, the square footage of the following spaces shall be included if the spaces support the operation of enterprise information technology equipment: office space, meeting space, and mechanical and other support facilities. For purposes of this subdivision, "computer software" includes, but is not limited to, software utilized or loaded at ~~the a~~ qualified data center or a qualified refurbished data center, including maintenance, licensing, and software customization.

(d) For purposes of this subdivision, a "qualified refurbished data center" means an existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but that is comprised of one or more buildings that consist in the aggregate of at least 25,000 square feet, and that are located on a single parcel or contiguous parcels, where the total cost of construction or refurbishment, investment in enterprise information technology equipment, and computer software is at least \$50,000,000 within a 24-month period.

(e) For purposes of this subdivision, "enterprise information technology equipment" means computers and equipment supporting computing, networking, or data storage, including servers and routers. It includes, but is not limited to: cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity used for the maintenance and operation of a qualified data center or a qualified refurbished data center, including but not limited to exterior dedicated business-owned substations, backup power generation systems, battery systems, and related infrastructure; and racking systems, cabling, and trays, which are necessary for the maintenance and operation of ~~the~~ a qualified data center or a qualified refurbished data center.

(f) A qualified data center or a qualified refurbished data center may claim the exemptions in this subdivision for purchases made either within 20 years of the date of its first purchase qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

(g) The purpose of this exemption is to create jobs in the construction and data center industries.

(h) This subdivision is effective for sales and purchases made after June 30, 2012, and before July 1, 2042.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2013.

Sec. 11. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 44, is amended to read:

Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible personal property or taxable services by a qualified business, as defined in section 116J.8738, are exempt if:

(1) the business subsidy agreement provides that the exemption under this subdivision applies;

(2) the property or services are primarily used or consumed at the facility in greater Minnesota identified in the business subsidy agreement; and

(3) the purchase was made and delivery received during the duration of the certification of the business as a qualified business under section 116J.8738.

(b) Purchase and use of construction materials and supplies used or consumed in, and equipment incorporated into, the construction of improvements to real property in greater Minnesota are exempt if the improvements after completion of construction are to be used in the conduct of the trade or business of the qualified business, as defined in section 116J.8738. This exemption applies regardless of whether the purchases are made by the business or a contractor.

(c) The exemptions under this subdivision apply to a local sales and use tax.

(d) The tax on purchases imposed under this subdivision must be imposed and collected as if the rate under section 297A.62 applied, and then refunded in the manner provided in section 297A.75. The total amount refunded for a facility over the certification period is limited to the amount listed in the business subsidy agreement. No more than \$7,000,000 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and the commissioner must first allocate refunds to qualified businesses eligible for a refund in the preceding fiscal year. Any portion of the balance of funds allocated for refunds under this paragraph does not cancel and shall be carried forward to and available for refunds in subsequent fiscal years.

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

Sec. 12. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 2, is amended to read:

Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b), to the following governments and political subdivisions, or to the listed agencies or instrumentalities of governments and political subdivisions, are exempt:

(1) the United States and its agencies and instrumentalities;

(2) school districts, local governments, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Perpich Minnesota Center for Arts Education, and an instrumentality of a political subdivision that is accredited as an optional/special function school by the North Central Association of Colleges and Schools;

(3) hospitals and nursing homes owned and operated by political subdivisions of the state of tangible personal property and taxable services used at or by hospitals and nursing homes;

(4) the Metropolitan Council, for its purchases of vehicles and repair parts to equip operations provided for in section 473.4051;

(5) other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state; and

(6) public libraries, public library systems, multicounty, multitype library systems as defined in section 134.001, county law libraries under chapter 134A, state agency libraries, the state library under section 480.09, and the Legislative Reference Library.

(b) This exemption does not apply to the sales of the following products and services:

(1) building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility;

(2) construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except for leases entered into by the United States or its agencies or instrumentalities;

(4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67, subdivision 2, except for lodging, prepared food, candy, soft drinks, and alcoholic beverages purchased directly by the United States or its agencies or instrumentalities; or

(5) goods or services purchased by a local government as inputs to ~~goods and services that are generally provided by a private business and the purchases would be taxable if made by a private business engaged in the same activity~~ liquor store, gas or electric utility, solid waste hauling service, solid waste recycling service, landfill, golf course, marina, health and fitness center, campground, cafe, or laundromat.

(c) As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, and any instrumentality of a school district, as defined in section 471.59.

(d) As used in this subdivision, "local governments" means:

(1) home rule charter or statutory cities;

(2) counties, and;

(3) townships;

(4) housing and redevelopment authorities under sections 469.001 to 469.047;

(5) port authorities under sections 469.048 to 469.068;

(6) economic development authorities under sections 469.090 to 469.1081; and

(7) any joint powers board or organization created under section 471.59 provided that at least 50 percent or more of the governmental units that are party to the joint powers agreement are exempt from sales tax under clauses (1) to (6) or paragraph (a).

~~(e) As used in this subdivision, "goods or services generally provided by a private business" include, but are not limited to, goods or services provided by liquor stores, gas and electric utilities, golf courses, marinas, health and fitness centers, campgrounds, cafes, and laundromats. "Goods or services generally provided by a private business" do not include housing services, sewer and water services, wastewater treatment, ambulance and other public safety services, correctional services, chore or homemaking services provided to elderly or disabled individuals, or road and street maintenance or lighting.~~

EFFECTIVE DATE. The amendment to paragraph (d) is effective for sales and purchases made after June 30, 2015. The other amendments to this section are effective for sales and purchases made after June 30, 2014.

Sec. 13. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 13, is amended to read:

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

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

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

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

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

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

(1) the exemption under paragraph (a), clauses (1) and (2), applies only if to the first \$20,000, as adjusted under paragraph (e), of the gross annual receipts of the organization from fund-raising do not exceed \$10,000; and

(2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived from admission charges or from activities for which the money must be deposited with the school district treasurer under section 123B.49, subdivision 2, or be recorded in the same manner as other revenues or expenditures of the school district under section 123B.49, subdivision 4.

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

(d) For purposes of this subdivision, a club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports, educational, or other extracurricular activities is a separate organization from the school district or school for purposes of applying the ~~\$10,000~~ \$20,000 limit, as adjusted under paragraph (e).

(e) By December 1, 2015, and every December 1 thereafter, the commissioner shall calculate and publish an adjusted exemption limit for this subdivision. The adjusted limit is equal to \$20,000 multiplied by the ratio of the Consumer Price Index for urban consumers for the most recently available calendar year to the Consumer Price Index for urban consumers for calendar year 2013, as prepared by the United States Bureau of Labor Statistics.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 14. Minnesota Statutes 2013 Supplement, section 297A.70, subdivision 14, is amended to read:

Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of tangible personal property or services at, and admission charges for fund-raising events sponsored by, a nonprofit organization are exempt if:

(1) all gross receipts are recorded as such, in accordance with generally accepted accounting practices, on the books of the nonprofit organization; and

(2) the entire proceeds, less the necessary expenses for the event, will be used solely and exclusively for charitable, religious, or educational purposes. Exempt sales include the sale of prepared food, candy, and soft drinks at the fund-raising event.

(b) This exemption is limited in the following manner:

(1) it does not apply to admission charges for events involving bingo or other gambling activities or to charges for use of amusement devices involving bingo or other gambling activities;

(2) all gross receipts are taxable if the profits are not used solely and exclusively for charitable, religious, or educational purposes;

(3) it does not apply unless the organization keeps a separate accounting record, including receipts and disbursements from each fund-raising event that documents all deductions from gross receipts with receipts and other records;

(4) it does not apply to any sale made by or in the name of a nonprofit corporation as the active or passive agent of a person that is not a nonprofit corporation;

(5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

(6) it does not apply to fund-raising events conducted on premises leased for more than five days but less than 30 days; and

(7) it does not apply if the risk of the event is not borne by the nonprofit organization and the benefit to the nonprofit organization is less than the total amount of the state and local tax revenues forgone by this exemption.

(c) For purposes of this subdivision, a "nonprofit organization" means any unit of government, corporation, society, association, foundation, or institution organized and operated for charitable, religious, educational, civic, fraternal, and senior citizens' or veterans' purposes, no part of the net earnings of which inures to the benefit of a private individual.

(d) For purposes of this subdivision, "fund-raising events" means activities of limited duration, not regularly carried out in the normal course of business, that attract patrons for community, social, and entertainment purposes, such as auctions, bake sales, ice cream socials, block parties, carnivals, competitions, concerts, concession stands, craft sales, bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion shows, festivals, galas, special event workshops, sporting activities such as marathons and tournaments, and similar events. Fund-raising events do not include the operation of a regular place of business in which services are provided or sales are made during regular hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales, regularly scheduled classes, or other activities carried out in the normal course of business.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2014.

Sec. 15. Minnesota Statutes 2012, section 297A.71, is amended by adding a subdivision to read:

Subd. 49. **Donated materials for a library expansion.** Building materials and supplies purchased and donated by a private entity and used in the construction of an addition to a city library facility are exempt.

EFFECTIVE DATE. This section is effective for materials and supplies used in construction occurring after April 1, 2014, and before July 1, 2015.

Sec. 16. Minnesota Statutes 2013 Supplement, section 297B.01, subdivision 16, is amended to read:

Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor vehicle, whether absolutely or conditionally, for a consideration in money or by exchange or barter for any purpose other than resale in the regular course of business.

(b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or by holding it in an effort to so lease it, and which is put to no other use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale.

(c) The terms also shall include any transfer of title or ownership of a motor vehicle by other means, for or without consideration, except that these terms shall not include:

(1) the acquisition of a motor vehicle by inheritance from or by bequest of, or transfer-on-death of title by, a decedent who owned it;

(2) the transfer of a motor vehicle which was previously licensed in the names of two or more joint tenants and subsequently transferred without monetary consideration to one or more of the joint tenants;

(3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with no monetary or other consideration or expectation of consideration and the parties to the transfer submit an affidavit to that effect at the time the title transfer is recorded;

(4) the transfer of a motor vehicle by gift between:

(i) spouses;

(ii) parents and a child; or

(iii) grandparents and a grandchild;

(5) the voluntary or involuntary transfer of a motor vehicle between a husband and wife in a divorce proceeding; or

(6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code when the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

Sec. 17. Minnesota Statutes 2012, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10 when that vehicle is equipped and specifically intended for emergency response or for providing ambulance service;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by ~~a town~~ home rule charter or statutory cities, counties, and townships or any joint powers board or organization created under section 471.59 where at least 50 percent of the members of the agreement are home rule charter or statutory cities, counties, or townships, for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax;

(14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own program from a charitable organization that is:

(i) described in section 501(c)(3) of the Internal Revenue Code; and

(ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

(15) purchase of a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2015.

Sec. 18. Minnesota Statutes 2012, section 297F.09, subdivision 10, is amended to read:

Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.** A cigarette or tobacco products distributor having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of the year, the distributor shall remit the actual May liability and ~~90~~ 82 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the distributor shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June, less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

- (1) ~~90~~ 82 percent of the actual June liability; or
- (2) ~~90~~ 82 percent of the preceding ~~May's~~ May liability.

EFFECTIVE DATE. This section is effective for taxes remitted after May 30, 2014.

Sec. 19. Minnesota Statutes 2012, section 297G.03, is amended by adding a subdivision to read:

Subd. 5. **Microdistillery credit.** (a) A qualified distiller producing distilled spirits is entitled to a tax credit of \$1.33 per liter on 100,000 liters sold in any fiscal year beginning July 1. A qualified distiller may take the credit on the 18th day of each month, but the total credit allowed may not exceed in any fiscal year the lesser of:

- (1) the liability for tax; or
- (2) \$133,000.

(b) For purposes of this subdivision, "qualified distiller" means a microdistillery qualifying under section 340A.101, subdivision 17a, in the calendar year immediately preceding the calendar year for which the credit under this subdivision is claimed.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 20. Minnesota Statutes 2012, section 297G.09, subdivision 9, is amended to read:

Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter having a liability of ~~\$120,000~~ \$250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner:

(a) Two business days before June 30 of the year, the taxpayer shall remit the actual May liability and ~~90~~ 82 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

(b) On or before August 18 of the year, the taxpayer shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of:

- (1) ~~90~~ 82 percent of the actual June liability; or
- (2) ~~90~~ 82 percent of the preceding May liability.

EFFECTIVE DATE. This section is effective for taxes remitted after May 30, 2014.

Sec. 21. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991, chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003, First Special Session chapter 21, article 8, section 11, and Laws 2008, chapter 154, article 5, section 2, is amended to read:

Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to ~~two and one-quarter~~ one and three-quarter percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). ~~When the city council determines that the taxes imposed under this subdivision and under Laws 1998, chapter 389, article 8, section 26, at a rate of one half of one percent have produced revenue sufficient to pay (1) the debt service on bonds in a principal amount of \$8,000,000 issued for capital improvements to the Duluth Entertainment and Convention Center, and (2) debt service on outstanding bonds originally issued in the principal amount of \$4,970,000 to finance capital improvements to the Great Lakes Aquarium since the imposition of the taxes at the rate of one and one half percent, the rate of the tax under this subdivision is reduced by one half of one percent.~~ The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions. When the city council determines that the taxes imposed under this ~~subdivision~~ paragraph at a rate of three-quarters of one percent and other sources of revenue produce revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the Duluth Entertainment and Convention Center, which include a new arena, the rate of tax under this subdivision must be reduced by three-quarters of one percent.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). This tax expires when the city council determines that the tax imposed under this paragraph, along with the tax imposed under section 22, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 34th Avenue West.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 22. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article 8, section 26, and Laws 2003, First Special Session chapter 21, article 8, section 12, is amended to read:

Sec. 22. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.

(a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional tax of one ~~and one half~~ percent upon the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. ~~When the city council determines that the taxes imposed under this section and section 25 at a rate of one half of one percent have produced revenue sufficient to pay (1) the debt service on bonds in a principal amount of \$8,000,000 issued for capital improvements for the Duluth Entertainment and Convention Center, and (2) the debt service on outstanding bonds originally issued in the principal amount of \$4,970,000 to finance capital improvements to the Great Lakes Aquarium since the imposition of the taxes at the rate of one and one half percent,~~

~~the rate of the tax under this section is reduced to one percent.~~ The tax shall be collected in the same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one. The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. This tax expires when the city council first determines that the tax imposed under this paragraph, along with the tax imposed under section 21, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of 34th Avenue West.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 23. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4, is amended to read:

Subd. 4. **Termination of taxes.** The taxes imposed under this section expire at the earlier of (1) ~~ten~~ 15 years after the taxes are first imposed, or (2) when the city council first determines that the amount of revenues raised to pay for the projects under subdivision 2, shall meet or exceed the sum of \$15,000,000. Any funds remaining after completion of the projects may be placed in the general fund of the city.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Albert Lea and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 24. Laws 2006, chapter 259, article 3, section 10, subdivision 3, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by subdivisions 1 and 2 must be used to pay the cost of collecting and administering the tax and to finance the acquisition and betterment of water and wastewater facilities to serve the cities of Brainerd and Baxter, building and equipping a fire substation, as approved by the voters at the referendum authorizing the tax. Authorized costs include, but are not limited to, acquiring property and paying construction and engineering costs related to the projects.

(b) In addition to the projects authorized in paragraph (a), the city of Baxter may, if approved by the voters at an election under subdivision 5, paragraph (b), allocate up to an additional \$32,000,000 of the revenues received from the taxes authorized by subdivisions 1 and 2 to a capital infrastructure fund. Money from this fund may only be used to finance (1) sanitary sewer, storm sewer, and water projects, and (2) transportation safety improvements.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 25. Laws 2006, chapter 259, article 3, section 10, subdivision 4, is amended to read:

Subd. 4. **Bonds.** (a) The city of Baxter, pursuant to the approval of the voters at the November 2, 2004, referendum authorizing the imposition of the taxes in this section, may issue general obligation bonds of the city, in one or more series, in the aggregate principal amount not to exceed \$15,000,000 to finance the projects listed in subdivision 3, paragraph (a). The debt represented by the bonds is not included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds is not subject to any levy limitation or included in computing or applying any levy limitation applicable to the city of Baxter.

(b) The city of Baxter, pursuant to the approval of the voters at the 2014 general election to extend the tax under this section, may issue general obligation bonds of the city, in one or more series, in the aggregate principal amount not to exceed \$32,000,000 plus an amount equal to the costs of issuance of the bonds to finance the projects listed in subdivision 3, paragraph (b). The debt represented by the bonds is not included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds is not subject to any levy limitation or included in computing or applying any levy limitation applicable to the city of Baxter.

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

Sec. 26. Laws 2006, chapter 259, article 3, section 10, subdivision 5, is amended to read:

Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire at the earlier of a date 12 years after the imposition of the tax or when the Baxter City Council first determines that the amount of revenues raised from the taxes to pay for the projects under subdivision 3 equals or exceeds \$15,000,000 plus any interest on bonds issued for the projects under subdivision 4, paragraph (a). Any funds remaining after the expiration of the taxes and retirement of the bonds shall be placed in a capital project fund of the city of Baxter. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city of Baxter so determines by ordinance.

(b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Baxter may, by ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination date in paragraph (a) if approved by the voters of the city at a general election held in 2014. The question put to the voters must indicate that an affirmative vote would extend the imposition of the taxes until 2031 or until an additional \$32,000,000, plus an amount equal to interest and issuance costs associated with bonds issued under subdivision 4, paragraph (b), above the initial amount authorized to pay for \$15,000,000 in bonds and associated bond cost and projects, listed in subdivision 3, paragraph (a), is raised. If extended under this paragraph, the taxes authorized in subdivisions 1 and 2 will terminate at the earlier of (1) when an additional \$32,000,000, plus an amount equal to interest and issuance costs associated with bonds issued under subdivision 4, paragraph (b), above the amount authorized under paragraph (a), is raised, or (2) December 31, 2031.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Baxter and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 27. Laws 2006, chapter 259, article 3, section 11, subdivision 3, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by subdivisions 1 and 2 must be used to pay the cost of collecting and administering the tax and to finance all or part of the costs of constructing upgraded water and wastewater treatment facilities to serve the cities of Brainerd and Baxter, water infrastructure improvements, and trail development, contingent on approval by Brainerd voters at the November 7, 2006, referendum. Authorized costs include, but are not limited to, acquiring property and paying construction and engineering costs related to the projects.

(b) In addition to the projects authorized in paragraph (a), the city of Brainerd may, if approved by the voters at an election under subdivision 5, paragraph (b), spend up to an additional \$15,000,000 from revenues raised from the taxes authorized in subdivisions 1 and 2 on the following projects:

(1) an upgraded waste treatment facility jointly serving the cities of Brainerd and Baxter;

(2) with any funds not needed for the project in clause (1), water infrastructure improvements; and

(3) with any funds not needed for the projects in clauses (1) and (2), trail improvements.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 28. Laws 2006, chapter 259, article 3, section 11, subdivision 4, is amended to read:

Subd. 4. **Bonds.** The city of Brainerd, contingent on approval of the voters at the November 7, 2006, referendum authorizing the imposition of taxes in this section, may issue general obligation bonds of the city, in one or more series, in the aggregate principal amount not to exceed \$22,030,000 to finance the projects listed in subdivision 3, paragraph (a). The debt represented by the bonds is not included in computing any debt limitations applicable to Brainerd, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal and interest on the bonds is not subject to any levy limitation or included in computing any levy limitation applicable to the city of Brainerd.

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

Sec. 29. Laws 2006, chapter 259, article 3, section 11, subdivision 5, is amended to read:

Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire at the earlier of a date 12 years after the imposition of the tax or when the city council first determines that the amount of revenues raised from the taxes to pay for projects under subdivision 3 equals or exceeds \$22,030,000 plus any interest on bonds issued for the projects under subdivision 4. Any funds remaining after the expiration of the taxes and retirement of the bonds shall be placed in a capital project fund of the city of Brainerd. The taxes imposed under subdivision 1 and 2 may expire at an earlier time if the city of Brainerd so determines by ordinance.

(b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Brainerd may, by ordinance, extend the taxes authorized under subdivisions 1 and 2 beyond the termination date in paragraph (a) if approved by the voters of the city at a general election held in 2014. The question put to the voters must indicate that an affirmative vote would extend the imposition of the taxes for an additional 12 years or until an additional \$15,000,000 above the initial amount authorized to pay for \$22,030,000 in bonds is raised. If extended under this paragraph, the taxes authorized in subdivisions 1 and 2 will terminate at the earlier of (1) when an additional \$15,000,000 above the amount authorized under paragraph (a) is raised, or (2) 12 years after the taxes would have expired under paragraph (a).

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brainerd and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 30. Laws 2013, chapter 143, article 8, section 37, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective retroactively to capital investments made and jobs created after December 31, 2012, and effective retroactively for sales and purchases made after December 31, 2012, and before July 1, 2019. Applications for refunds on purchases exempt under this section must not be filed before June 30, 2015.

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

Sec. 31. **VALIDATION OF PRIOR ACT; AUTHORIZATION.**

Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of Albert Lea may approve Laws 2005, First Special Session chapter 3, article 5, section 38, as amended by Laws 2006, chapter 259, article 3, section 6, and file its approval with the secretary of state by June 15, 2014. If approved as authorized under this section, actions undertaken by the city pursuant to the approval of the voters on November 8, 2005, and otherwise in accordance with Laws 2005, First Special Session chapter 3, article 5, section 38, as amended by Laws 2006, chapter 259, article 3, section 6, are validated.

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

Sec. 32. **TEMPORARY SALES TAX AMNESTY; ANIMAL SHELTERS.**

(a) Notwithstanding any other law to the contrary, amnesty is provided to any nonprofit organization that is primarily engaged in the business of rescuing, sheltering, and finding homes for unwanted animals if the organization registers and begins collecting the sales and use tax within four months of the day following enactment of this provision. This amnesty applies to qualifying organizations that are currently not registered to collect the tax under Minnesota Statutes, chapter 297A, and to qualifying organizations that received notice of the commencement of an audit and the audit is not yet finally resolved, provided that the organization was not registered to collect sales and use tax at the time of the audit.

(b) The amnesty shall preclude assessment for uncollected and unpaid sales and use tax under Minnesota Statutes, chapter 297A, and to local taxes subject to Minnesota Statutes, section 297A.99, together with penalty and interest for sales made during the period the qualifying organization was not registered in this state. The amnesty also applies to unpaid use tax on sales made by the organization during the same period. The amnesty is not available for sales and use taxes already paid or remitted to the state or to sales taxes already collected by the seller.

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

Sec. 33. **TEMPORARY SALES TAX AMNESTY; AGRICULTURAL CENTERS.**

(a) Notwithstanding any other law to the contrary, amnesty is provided on unpaid sales tax attributable only to sales of tickets or admissions to a performance or event on the premises of a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, provided that the nonprofit organization is primarily engaged in the business of preserving Minnesota's rural agricultural heritage and educating the public about rural history and how farms in Minnesota helped to provide food for the nation and the world, and begins collecting the sales and use tax on sales of tickets or admissions by July 1, 2014.

(b) An organization qualifies for an exemption under this section if:

(1) the premises of the organization is at least 115 acres;

(2) the performances or events were sponsored and conducted exclusively by volunteers, employees of the nonprofit organization, or members of the board of directors of the organization; and

(3) the performances or events were consistent with the organization's purposes under section 501(c)(3) of the Internal Revenue Code.

(c) This amnesty applies to qualifying organizations that received notice of the commencement of an audit and the audit is not yet finally resolved.

(d) Amnesty granted under this section precludes assessment for uncollected and unpaid sales and use tax under Minnesota Statutes, chapter 297A, and to local taxes subject to Minnesota Statutes, section 297A.99, together with penalty and interest for sales made during the period beginning December 31, 2008, and ending December 31, 2011. The amnesty is not available for sales and use taxes already paid or remitted to the state or to sales taxes already collected by the seller.

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

ARTICLE 4
INCOME AND ESTATE TAXES

Section 1. Minnesota Statutes 2013 Supplement, section 116J.8737, subdivision 2, as amended by Laws 2014, chapter 150, article 1, section 2, is amended to read:

Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business or qualified greater Minnesota small business for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$150. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the business as satisfying the conditions required of a qualified small business or qualified greater Minnesota small business, request additional information from the business, or reject the application for certification. If the commissioner requests additional information from the business, the commissioner must either certify the business or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the business nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$150 application fee. A business that applies for certification and is rejected may reapply.

(c) To receive certification as a qualified small business, a business must satisfy all of the following conditions:

(1) the business has its headquarters in Minnesota;

(2) at least 51 percent of the business's employees are employed in Minnesota, and 51 percent of the business's total payroll is paid or incurred in the state;

(3) the business is engaged in, or is committed to engage in, innovation in Minnesota in one of the following as its primary business activity:

(i) using proprietary technology to add value to a product, process, or service in a qualified high-technology field;

(ii) researching or developing a proprietary product, process, or service in a qualified high-technology field; ~~or~~

(iii) researching or developing a proprietary product, process, or service in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation; or

~~(iii)~~ (iv) researching, developing, or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

(4) other than the activities specifically listed in clause (3), the business is not engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants;

(5) the business has fewer than 25 employees;

(6) the business must pay its employees annual wages of at least 175 percent of the federal poverty guideline for the year for a family of four and must pay its interns annual wages of at least 175 percent of the federal minimum wage used for federally covered employers, except that this requirement must be reduced proportionately for employees and interns who work less than full-time, and does not apply to an executive, officer, or member of the board of the business, or to any employee who owns, controls, or holds power to vote more than 20 percent of the outstanding securities of the business;

(7) the business has (i) not been in operation for more than ten years, or (ii) not been in operation for more than 20 years if the business is engaged in the research, development, or production of medical devices or pharmaceuticals for which United States Food and Drug Administration approval is required for use in the treatment or diagnosis of a disease or condition;

(8) the business has not previously received private equity investments of more than \$4,000,000;

(9) the business is not an entity disqualified under section 80A.50, paragraph (b), clause (3); and

(10) the business has not issued securities that are traded on a public exchange.

(d) In applying the limit under paragraph (c), clause (5), the employees in all members of the unitary business, as defined in section 290.17, subdivision 4, must be included.

(e) In order for a qualified investment in a business to be eligible for tax credits:

(1) the business must have applied for and received certification for the calendar year in which the investment was made prior to the date on which the qualified investment was made;

(2) the business must not have issued securities that are traded on a public exchange;

(3) the business must not issue securities that are traded on a public exchange within 180 days after the date on which the qualified investment was made; and

(4) the business must not have a liquidation event within 180 days after the date on which the qualified investment was made.

(f) The commissioner must maintain a list of qualified small businesses and qualified greater Minnesota businesses certified under this subdivision for the calendar year and make the list accessible to the public on the department's Web site.

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

(1) "qualified high-technology field" includes aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields;

(2) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted; and

(3) "greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

(h) To receive certification as a qualified greater Minnesota business, a business must satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

(1) the business has its headquarters in greater Minnesota; and

(2) at least 51 percent of the business's employees are employed in greater Minnesota, and 51 percent of the business's total payroll is paid or incurred in greater Minnesota.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 2. Minnesota Statutes 2012, section 116J.8737, is amended by adding a subdivision to read:

Subd. 5a. Promotion of credit in greater Minnesota. (a) By July 1, 2014, the commissioner shall develop a plan to increase awareness of and use of the credit for investments in qualified greater Minnesota businesses and minority-owned and women-owned qualified small businesses with the goal that the portion of the credit reserved for investments in qualified greater Minnesota businesses and minority-owned and women-owned qualified small businesses is allocated in full to those investments.

(b) Beginning with the legislative report due on March 15, 2015, under subdivision 9, the commissioner shall report on its plan under this subdivision and the results achieved.

Sec. 3. Minnesota Statutes 2013 Supplement, section 270B.01, subdivision 8, is amended to read:

Subd. 8. **Minnesota tax laws.** For purposes of this chapter only, unless expressly stated otherwise, "Minnesota tax laws" means:

(1) the taxes, refunds, and fees administered by or paid to the commissioner under chapters 115B, 289A (except taxes imposed under sections 298.01, 298.015, and 298.24), 290, 290A, 291, ~~292~~, 295, 297A, 297B, 297H, and 403, or any similar Indian tribal tax administered by the commissioner pursuant to any tax agreement between the state and the Indian tribal government, and includes any laws for the assessment, collection, and enforcement of those taxes, refunds, and fees; and

(2) section 273.1315.

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

Sec. 4. Minnesota Statutes 2013 Supplement, section 270B.03, subdivision 1, is amended to read:

Subdivision 1. **Who may inspect.** Returns and return information must, on request, be made open to inspection by or disclosure to the data subject. The request must be made in writing or in accordance with written procedures of the chief disclosure officer of the department that have been approved by the commissioner to establish the identification of the person making the request as the data subject. For purposes of this chapter, the following are the data subject:

(1) in the case of an individual return, that individual;

(2) in the case of an income tax return filed jointly, either of the individuals with respect to whom the return is filed;

(3) in the case of a return filed by a business entity, an officer of a corporation, a shareholder owning more than one percent of the stock, or any shareholder of an S corporation; a general partner in a partnership; the owner of a sole proprietorship; a member or manager of a limited liability company; a participant in a joint venture; the individual who signed the return on behalf of the business entity; or an employee who is responsible for handling the tax matters of the business entity, such as the tax manager, bookkeeper, or managing agent;

(4) in the case of an estate return:

(i) the personal representative or trustee of the estate; and

(ii) any beneficiary of the estate as shown on the federal estate tax return;

(5) in the case of a trust return:

(i) the trustee or trustees, jointly or separately; and

(ii) any beneficiary of the trust as shown in the trust instrument;

(6) if liability has been assessed to a transferee under section 270C.58, subdivision 1, the transferee is the data subject with regard to the returns and return information relating to the assessed liability;

(7) in the case of an Indian tribal government or an Indian tribal government-owned entity,

(i) the chair of the tribal government, or

(ii) any person authorized by the tribal government; and

(8) in the case of a successor as defined in section 270C.57, subdivision 1, paragraph (b), the successor is the data subject and information may be disclosed as provided by section 270C.57, subdivision 4; ~~and.~~

~~(9) in the case of a gift return, the donor.~~

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

Sec. 5. Minnesota Statutes 2012, section 289A.02, subdivision 7, as amended by Laws 2014, chapter 150, article 1, section 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 6. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19, as amended by Laws 2014, chapter 150, article 1, section 9, is amended to read:

Subd. 19. **Net income.** The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

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

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

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

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

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

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

The Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014, shall be in effect for taxable years beginning after December 31, 1996.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19 to 19f mean the code in effect for purposes of determining net income for the applicable year.

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

Sec. 7. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19b, as amended by Laws 2014, chapter 150, article 1, section 11, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes

books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

(7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (12), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

(9) job opportunity building zone income as provided under section 469.316;

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, ~~excluding~~ including compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section 190.05, subdivision 5b, ~~but~~ and "active service" ~~excludes~~ includes service performed in accordance with section 190.08, subdivision 3;

(11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10; or the authority of the United Nations;

(12) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

(14) to the extent included in the federal taxable income of a nonresident of Minnesota, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

(15) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program;

(16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under section 290.01, subdivision 19a, clause (13);

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

(18) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code;

(19) the amount of the limitation on itemized deductions under section 68(b) of the Internal Revenue Code; ~~and~~

(20) the amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code; ~~and~~

(21) for taxable years beginning after December 31, 2013, and before January 1, 2015, to the extent included in federal taxable income, discharge of qualified principal residence indebtedness, as provided in subparagraph (E) of section 108(a)(1) of the Internal Revenue Code, without regard to whether subparagraph (E) of section 108(a)(1) of the Internal Revenue Code is in effect for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 8. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 31, as amended by Laws 2014, chapter 150, article 1, section 13, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as amended through March 18, 2010.

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

Sec. 9. Minnesota Statutes 2012, section 290.068, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** A corporation, ~~partners in a partnership, or shareholders in a corporation treated as an "S" corporation under section 290.9725~~ are individual, trust, or estate is allowed a credit against the tax computed under this chapter for the taxable year equal to:

- (a) ten percent of the first \$2,000,000 of the excess (if any) of
 - (1) the qualified research expenses for the taxable year, over
 - (2) the base amount; and
- (b) 2.5 percent on all of such excess expenses over \$2,000,000.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 10. Minnesota Statutes 2013 Supplement, section 290.091, subdivision 2, as amended by Laws 2014, chapter 150, article 1, section 21, is amended to read:

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

- (a) "Alternative minimum taxable income" means the sum of the following for the taxable year:
 - (1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;
 - (2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:
 - (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;
 - (ii) the medical expense deduction;
 - (iii) the casualty, theft, and disaster loss deduction; and
 - (iv) the impairment-related work expenses of a disabled person;

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

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

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

(6) the amount of addition required by section 290.01, subdivision 19a, clauses (7) to (9), and (11) to (14);

less the sum of the amounts determined under the following:

(1) interest income as defined in section 290.01, subdivision 19b, clause (1);

(2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (6), (8) to (14), ~~and (16), and (21)~~; and

(5) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c).

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

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

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

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

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

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 11. Minnesota Statutes 2013 Supplement, section 290A.03, subdivision 15, as amended by Laws 2014, chapter 150, article 1, section 22, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 20, 2013~~ March 26, 2014.

EFFECTIVE DATE. This section is effective retroactively for property tax refunds based on property taxes payable after December 31, 2013, and rent paid after December 31, 2012.

Sec. 12. Minnesota Statutes 2013 Supplement, section 291.005, subdivision 1, as amended by Laws 2014, chapter 150, article 3, section 3, is amended to read:

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

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

(2) "Federal gross estate" means the gross estate of a decedent as required to be valued and otherwise determined for federal estate tax purposes under the Internal Revenue Code.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through ~~March 1~~ March 26, 2014.

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

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

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

(7) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota.

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

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

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

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2013.

Sec. 13. Laws 2014, chapter 150, article 3, section 4, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying after December 31, 2013, and for taxable gifts made after June 30, 2013.

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

Sec. 14. **DEFINITION OF TAXABLE GIFT FOR DECEDENTS DYING BEFORE JANUARY 1, 2014.**

For estates of decedents dying before January 1, 2014, "taxable gift" as used by Minnesota Statutes, section 291.005, subdivision 1, paragraph (4), means a transfer by gift which is included in taxable gifts for federal gift tax purposes under the following sections of the Internal Revenue Code: section 529; section 530; section 2501(a)(4); section 2503; sections 2511 to 2514; and sections 2516 to 2519; less the deductions allowed in sections 2522 to 2524 of the Internal Revenue Code, and after excluding taxable gifts of any property that has its situs outside Minnesota and including taxable gifts of any property that has its situs in Minnesota and were not disclosed to federal taxing authorities.

EFFECTIVE DATE. This section is effective retroactively for taxable gifts made after June 30, 2013.

ARTICLE 5 MINERALS TAXES

Section 1. Minnesota Statutes 2012, section 298.75, subdivision 2, is amended to read:

Subd. 2. **Tax imposed.** (a) Except as provided in paragraph (e), a county that imposes the aggregate production tax shall impose upon every operator a production tax of 21.5 cents per cubic yard or 15 cents per ton of aggregate material excavated in the county except that the county board may decide not to impose this tax if it determines that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of aggregate material from that county. The tax shall not be imposed on aggregate material excavated in the county until the aggregate material is transported from the extraction site or sold, whichever occurs first. When aggregate material is stored in a stockpile within the state of Minnesota and a public highway, road or street is not used for transporting the aggregate material, the tax shall not be imposed until either when the aggregate material is sold, or when it is transported from the stockpile site, or when it is used from the stockpile, whichever occurs first.

(b) Except as provided in paragraph (e), a county that imposes the aggregate production tax under paragraph (a) shall impose upon every importer a production tax of 21.5 cents per cubic yard or 15 cents per ton of aggregate material imported into the county. The tax shall be imposed when the aggregate material is imported from the extraction site or sold. When imported aggregate material is stored in a stockpile within the state of Minnesota and a public highway, road, or street is not used for transporting the aggregate material, the tax shall be imposed either when the aggregate material is sold, when it is transported from the stockpile site, or when it is used from the stockpile, whichever occurs first. The tax shall be imposed on an importer when the aggregate material is imported into the county that imposes the tax.

(c) If the aggregate material is transported directly from the extraction site to a waterway, railway, or another mode of transportation other than a highway, road or street, the tax imposed by this section shall be apportioned equally between the county where the aggregate material is extracted and the county to which the aggregate material is originally transported. If that destination is not located in Minnesota, then the county where the aggregate material was extracted shall receive all of the proceeds of the tax.

(d) A county, city, or town that receives revenue under this section is prohibited from imposing any additional host community fees on aggregate production within that county, city, or town.

(e) A county that borders two other states and that is not contiguous to a county that imposes a tax under this section may impose the taxes under paragraphs (a) and (b) at the rate of ten cents per cubic yard or seven cents per ton. ~~This paragraph expires December 31, 2014.~~

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

Sec. 2. Laws 2008, chapter 366, article 10, section 15, is amended to read:

Sec. 15. 2008 DISTRIBUTIONS ONLY.

For distribution in 2008 only, a special fund is established to receive 11.4 cents per ton that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6. If sufficient funds are not available under Minnesota Statutes, section 298.28, subdivision 6, to make the payments required under this section and under Minnesota Statutes, section 298.28, subdivision 6, the remaining amount needed to total 11.4 cents per ton may be taken from funds available under Minnesota Statutes, section 298.28, subdivision 9. If 2008 H. F. No. 1812 is enacted and includes a provision that distributes funds that would otherwise be allocated under Minnesota Statutes, section 298.28, subdivision 6, in a manner different from the distribution required in this section, the distribution in this section supersedes the distribution set in 2008 H. F. No. 1812 notwithstanding Minnesota Statutes, section 645.26. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the following specified purposes:

(1) two cents per ton must be paid to the Hibbing Economic Development Authority to retire bonds and for economic development purposes;

(2) one cent per ton must be divided among and paid in equal shares to each of the board of St. Louis County School District No. 2142, the board of Ely School District No. 696, the board of Mountain Iron-Buhl School District No. 712, and the board of Virginia School District No. 706 for each to study the potential for and impact of consolidation and streamlining the operations of their school districts;

(3) 0.25 cent per ton must be paid to the city of Grand Rapids, for industrial park work;

(4) 0.65 cent per ton must be paid to the city of Aitkin, for ~~sewer and water for housing~~ economic development projects;

- (5) 0.5 cent per ton must be paid to the city of Crosby, for well and water tower infrastructure;
- (6) 0.5 cent per ton must be paid to the city of Two Harbors, for well and water tower infrastructure;
- (7) 1.5 cents per ton must be paid to the city of Silver Bay to pay for health and safety and maintenance improvements at a former elementary school building that is currently owned by the city, to be used for economic development purposes;
- (8) 1.5 cents per ton must be paid to St. Louis County to extend water and sewer lines from the city of Chisholm to the St. Louis County fairgrounds;
- (9) 1.5 cents per ton must be paid to the White Community Hospital for debt restructuring;
- (10) 0.5 cent per ton must be paid to the city of Keewatin for street, sewer, and water improvements;
- (11) 0.5 cent per ton must be paid to the city of Calumet for street, sewer, and water improvements; and
- (12) one cent per ton must be paid to Breitung township for sewer and water extensions associated with the development of a state park, provided that if a new state park is not established in Breitung township by July 1, 2009, the money provided in this clause must be transferred to the northeast Minnesota economic development fund established in Minnesota Statutes, section 298.2213.

EFFECTIVE DATE. This section is effective the day following final enactment. Upon enactment, the city of Aitkin must release all funds under this section to St. Louis County acting as fiscal agent by July 1, 2014.

Sec. 3. Laws 2013, chapter 143, article 11, section 10, is amended to read:

Sec. 10. **2013 DISTRIBUTION ONLY.**

For the 2013 distribution, a special fund is established to receive 38.7 cents per ton of any excess of the balance remaining after distribution of amounts required under Minnesota Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the following specific purposes:

- (1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water supply system;
- (2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities required as a result of actions undertaken by United States Steel Corporation;
- (3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply system, payable upon agreement with ArcelorMittal to satisfy water permit conditions;
- (4) 2 cents per ton to the city of Tower for the Tower Marina;
- (5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer system to replace aging effluent lines and for parking lot repaving;
- (6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant improvements;
- (7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;

- (8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson Intermodal Transportation Center;
- (9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine hockey arena renovations;
- (10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and Greenway Township;
- (11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;
- (12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;
- (13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary sewer extension;
- (14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;
- (15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;
- (16) ~~4.5~~ 2.0 cents per ton to the city of Cook for street improvements, business park infrastructure, and a maintenance garage;
- ~~(17)~~ 0.5 cents per ton to the city of Cook for a water line project;
- ~~(18)~~ (17) 1.8 cents per ton to the city of Eveleth to be used for Jones Street reconstruction and the city auditorium;
- ~~(19)~~ (18) 0.5 cents per ton for the city of Keewatin for an electrical substation and water line replacements;
- ~~(20)~~ (19) 3.3 cents per ton for the city of Virginia for Fourth Street North infrastructure and Franklin Park improvement; and
- ~~(21)~~ (20) 0.5 cents per ton to the city of Grand Rapids for an economic development project.

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

ARTICLE 6 LOCAL DEVELOPMENT

Section 1. **[383A.155] HOUSING IMPROVEMENT AREAS.**

Subdivision 1. **Powers of a housing improvement authority.** The Ramsey County Housing and Redevelopment Authority shall have the powers of a city under sections 428A.11 to 428A.21 to establish housing improvement areas in Ramsey County.

Subd. 2. **Definitions.** (a) For purposes of exercising the powers in sections 428A.11 to 428A.21, references in those sections to the terms in paragraphs (b) to (e) have the meanings given them for purposes of this section.

(b) "Mayor" means the chair of the Ramsey County Housing and Redevelopment Authority.

(c) "Council" or "governing body of the city" means the Ramsey County Housing and Redevelopment Authority.

(d) "City clerk" means the person designated by the Ramsey County Housing and Redevelopment Authority to carry out the duties of the city clerk under sections 428A.11 to 428A.21.

(e) "Enabling ordinance" means a resolution adopted under subdivision 3 by the Ramsey County Housing and Redevelopment Authority.

Subd. 3. **Establishment of housing improvement areas.** The Ramsey County Housing and Redevelopment Authority may adopt a resolution establishing one or more housing improvement areas within the county under this section. The Ramsey County Housing and Redevelopment Authority shall send a copy of each petition for the establishment of a housing improvement area to the city in which the proposed housing improvement area is located. The public hearings under sections 428A.13 and 428A.14 may be held at the times and places determined by the Ramsey County Housing and Redevelopment Authority, except that they must be held at least 30 days after the date the applicable petition was sent to the city. If the city council adopts a resolution opposing the establishment within 30 days of the date the copy of the petition was sent to the city under this subdivision, the Ramsey County Housing and Redevelopment Authority may not establish the proposed housing improvement area.

Subd. 4. **Applicability.** Except as otherwise provided in this section, sections 428A.11 to 428A.21 apply to the establishment of a housing improvement area by the Ramsey County Housing and Redevelopment Authority.

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

Sec. 2. Minnesota Statutes 2012, section 383D.41, is amended by adding a subdivision to read:

Subd. 11. **Tax credit allocation threshold criteria.** (a) In addition to the projects described in section 462A.222, subdivision 3, paragraph (d), the Dakota County Community Development Agency may allocate tax credits in the first round for up to three projects of the following type: new construction or substantial rehabilitation multifamily housing projects that are not restricted to persons who are 55 years of age or older and that are located within one of the following areas at the time a reservation for tax credits is made:

(1) an area within one-half mile of a completed or planned light rail transit way, bus rapid transit way, or commuter rail station;

(2) an area within one-fourth mile from any spot along a high-frequency local bus line;

(3) an area within one-half mile from a bus stop or station on a high-frequency express route;

(4) an area within one-half mile from a park and ride lot; or

(5) an area within one-fourth mile of a high-service public transportation fixed route stop.

(b) For purposes of this section, the following terms have the meaning given them:

(1) "high-frequency local bus line" means a local bus route providing service at least every 15 minutes and running between 6:00 a.m. and 7:00 p.m. on weekdays and between 9:00 a.m. and 6:00 p.m. on Saturdays;

(2) "high-frequency express route" means an express route with bus service providing six or more trips during at least one of the peak morning hours between 6:00 a.m. and 9:00 a.m. and every ten minutes during the peak morning hour; and

(3) "high-service public transportation fixed route stop" means a stop serviced between 6:00 a.m. and 7:00 p.m. on weekdays and 9:00 a.m. and 6:00 p.m. on Saturdays and with service approximately every 30 minutes during that time.

EFFECTIVE DATE. This section is effective beginning with the 2015 allocation of tax credit.

Sec. 3. Minnesota Statutes 2012, section 469.1763, subdivision 3, is amended to read:

Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation;

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision 2, paragraph (e).

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

(c) For a redevelopment district or a renewal and renovation district certified after June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are extended to (1) ten years after certification of the district or (2) June 30, 2017, whichever is later. This extension is provided primarily to accommodate delays in development activities due to unanticipated economic circumstances.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 4. Minnesota Statutes 2012, section 469.177, subdivision 3, is amended to read:

Subd. 3. **Tax increment, relationship to chapters 276A and 473F.** (a) Unless the governing body elects pursuant to paragraph (b) the following method of computation shall apply to a district other than an economic development district for which the request for certification was made after June 30, 1997:

(1) The original net tax capacity and the current net tax capacity shall be determined before the application of the fiscal disparity provisions of chapter 276A or 473F. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured net tax capacity and no tax increment determination. Where the original net tax capacity is less than the current net tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.

(2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the

local taxing districts. The tax generated by the extension of the lesser of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

(b) The following method of computation applies to any ~~economic development district for which the request for certification was made after June 30, 1997, and to any~~ other district for which the governing body, by resolution approving the tax increment financing plan pursuant to section 469.175, subdivision 3, elects:

(1) The original net tax capacity shall be determined before the application of the fiscal disparity provisions of chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to section 276A.06, subdivision 7, or 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured net tax capacity and no tax increment determination. Where the original net tax capacity is less than the current net tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.

(2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the lesser of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

(3) An election by the governing body pursuant to paragraph (b) shall be submitted to the county auditor by the authority at the time of the request for certification pursuant to subdivision 1.

(c) The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after June 30, 2014.

Sec. 5. Laws 2013, chapter 143, article 9, section 23, is amended to read:

Sec. 23. **CITY OF BLOOMINGTON; OLD CEDAR AVENUE BRIDGE.**

(a) Notwithstanding any law to the contrary, the city of Bloomington shall transfer from the tax increment financing accounts for its Tax Increment Financing District No. 1-C and Tax Increment Financing District No. 1-G an amount equal to the tax increment for each district that is computed under the provisions of Minnesota Statutes, section 473F.08, subdivision 3c, for taxes payable in 2014 to an account or fund established for the repair, restoration, or replacement of the Old Cedar Avenue bridge for use by bicycle commuters and recreational users. The city is authorized to and must use the transferred funds to complete the repair, renovation, or replacement of the bridge. Upon completion of the repair, renovation, or replacement of the bridge, the city may use any remaining funds in the account for costs of improving bicycle and pedestrian trails that access the bridge and that use is deemed to be a permitted use of the increments.

(b) No signs, plaques, or markers acknowledging or crediting donations for, sponsorships of, or naming rights may be posted on or in the vicinity of the Old Cedar Avenue bridge.

EFFECTIVE DATE. This section is effective without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

Sec. 6. **CITY OF EAGAN; TAX INCREMENT FINANCING.**

(a) Effective for taxes payable in 2015, the city of Eagan may elect to compute tax increment for the Cedar Grove Tax Increment Financing District using the current local tax rate, notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1a.

(b) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for TIF District 2-5 in the city of Eagan if the activities are undertaken within seven years from the date of certification of the district.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Eagan with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 7. **CITY OF EDINA; TAX INCREMENT FINANCING.**

Subdivision 1. **Authority to create districts.** (a) The governing body of the city of Edina or its development authority may establish one or more tax increment financing housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries exist on March 31, 2014.

(b) The authority to request certification of districts under this section expires on June 30, 2017.

Subd. 2. **Rules governing districts.** (a) Housing districts established under this section are subject to the provisions of Minnesota Statutes, sections 469.174 to 469.1794, except as otherwise provided in this subdivision.

(b) Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, no increment must be paid to the authority after 15 years after receipt by the authority of the first increment from a district established under this section.

(c) Notwithstanding the provisions of Minnesota Statutes, section 469.1761, subdivision 3, for a residential rental project, the city may elect to substitute "10 percent" for "40 percent" in the 40-60 test under section 142(d)(1)(B) of the Internal Revenue Code in determining the applicable income limits.

Subd. 3. **Pooling authority.** The city may elect to treat expenditures of increment from the Southdale 2 district for a housing project of a district established under this section as expenditures qualifying under Minnesota Statutes, section 469.1763, subdivision 2, paragraph (d), without regard to whether the housing meets the requirement of a qualified building under section 42 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Edina with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 8. **SHOREVIEW TAX INCREMENT FINANCING PILOT PROJECT.**

Subdivision 1. **Authority to establish districts.** (a) The governing body of the city of Shoreview or a development authority it designates may establish one or more economic development tax increment financing districts in the city subject to the special rules under this section. The purpose of these districts is the retention and expansion of existing businesses in the city and the attraction of new business to the state to create and retain high paying jobs.

(b) The authority to establish or approve the tax increment financing plans and request certification for districts under this section expires on June 30, 2019.

Subd. 2. **Qualified businesses.** For purposes of this section, a "qualified business" must satisfy the following requirements:

(1) the business must qualify under one of the following when the tax increment financing plan is approved:

(i) it operates at a location in the city of Shoreview;

(ii) it does not have substantial operations in Minnesota; or

(iii) the assistance is provided for relocation of a portion of the business's operation from another state;

(2) the expansion or location of the operations of the business in the city, as provided in the business subsidy agreement under Minnesota Statutes, sections 116J.993 to 116J.995, will result in an increase in manufacturing, research, service, or professional jobs, at least 75 percent of which pay an average wage or salary that is equal to or greater than 25 percent of the median wage or salary for all jobs within the metropolitan area; and

(3) the business is not engaged in making retail sales or in providing other services, such as legal, medical, accounting, financial, entertainment, or similar, to third parties, at the location receiving assistance.

Subd. 3. **Applicable rules.** (a) Unless otherwise stated, the provisions of Minnesota Statutes, sections 469.174 to 469.1794, apply to districts established under this section.

(b) Notwithstanding the provisions of section 469.176, subdivision 1b, the duration limit for districts created under this section is 12 years after the receipt of the first increment.

(c) The provisions of Minnesota Statutes, section 469.176, subdivision 4c, apply to determining the permitted uses of increments from the districts with the following exceptions:

(1) any building and facilities must be for a qualified business;

(2) the building and facilities must not be used by the qualified business or its lessees or tenants to relocate operations from another location in this state outside of the city of Shoreview;

(3) the 15 percent limit in subdivision 4c, paragraph (a), is increased to 25 percent; and

(4) the city or development authority may elect to deposit up to 20 percent of the increments in the fund established under subdivision 4. If the city elects to use this authority, all of the remaining increments must be expended for administrative expenses or for activities within the district under Minnesota Statutes, section 469.1763.

(d) The governing body of the city may elect, by resolution, to determine the original and current net tax capacity of a district established under this section using the computation under Minnesota Statutes, section 469.177, subdivision 3, paragraph (a) or (b).

Subd. 4. **Business retention and expansion fund.** (a) The city may establish a business retention and expansion fund and deposit in the fund:

(1) increments as provided under subdivision 3, paragraph (c), clause (4); and

(2) increments from a district for which the request for certification of the district was made prior to April 30, 1990, if the amount necessary to meet all of the debt and other obligations incurred for that district has been received by the city.

(b) Amounts in the fund may be expended to assist qualified businesses, as permitted under subdivisions 2 and 3, and are not otherwise subject to the restrictions in Minnesota Statutes, sections 469.174 to 469.1794.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Shoreview with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 9. **CITY OF NORTH ST. PAUL; TAX INCREMENT FINANCING; PARCELS DEEMED OCCUPIED.**

If the city of North St. Paul authorizes the creation of a redevelopment tax increment financing district under Minnesota Statutes, section 469.174, subdivision 10, parcel number 122922330059 is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), notwithstanding any contrary provisions of that paragraph, if the following conditions are met:

(1) buildings located on the parcel were demolished after the city of North St. Paul adopted a resolution under Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (3);

(2) the buildings were removed either by the city of North St. Paul or by the owner of the property by entering into a development agreement; and

(3) the request for certification of the parcel as part of a district is filed with the county auditor by December 31, 2016.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of North St. Paul with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 7
MISCELLANEOUS

Section 1. Minnesota Statutes 2012, section 270C.72, subdivision 1, is amended to read:

Subdivision 1. **Tax clearance required.** (a) The state or a political subdivision of the state may not issue, transfer, or renew, and must revoke, a license for the conduct of a profession, occupation, trade, or business, if the commissioner notifies the licensing authority that the applicant owes the state delinquent taxes payable to the commissioner, penalties, or interest. The commissioner may not notify the licensing authority unless the applicant taxpayer owes \$500 or more in delinquent taxes, penalties, or interest, or has not filed returns. If the applicant taxpayer does not owe delinquent taxes, penalties, or interest, but has not filed returns, the commissioner may not notify the licensing authority unless the taxpayer has been given 90 days' written notice to file the returns or show that the returns are not required to be filed.

(b) Within ten days after receipt of the notification from the commissioner under paragraph (a), the licensing authority must notify the license holder by certified mail of the potential revocation of the license for the applicable reason under paragraph (a). The notice must include a copy of the commissioner's notice to the licensing agency and information, in the form specified by the commissioner, on the licensee's option for receiving a tax clearance from the commissioner. The licensing authority must revoke the license 30 days after receiving the notice from the commissioner, unless it receives a tax clearance from the commissioner as provided in paragraph (c).

(c) A licensing authority that has received a notice from the commissioner may issue, transfer, renew, or not revoke the applicant's license only if ~~(a)~~ (1) the commissioner issues a tax clearance certificate and ~~(b)~~ (2) the commissioner or the applicant forwards a copy of the clearance to the authority. The commissioner may issue a clearance certificate only if the applicant does not owe the state any uncontested delinquent taxes, penalties, or interest and has filed all required returns.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 2. Minnesota Statutes 2012, section 270C.72, subdivision 3, is amended to read:

Subd. 3. **Notice and hearing.** ~~(a) The commissioner, on notifying a licensing authority pursuant to subdivision 1 not to issue, transfer, or renew a license, must send a copy of the notice to the applicant. If the applicant requests, in writing, within 30 days of the date of the notice a hearing, a contested case hearing must be held. The hearing must be held within 45 days of the date the commissioner refers the case to the Office of Administrative Hearings. Notwithstanding any law to the contrary, the applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the applicant. The notice may be served personally or by mail.~~

~~(b) (a) Prior to notifying a licensing authority pursuant to subdivision 1 to revoke a license, the commissioner must send a notice to the applicant of the commissioner's intent to require revocation of the license and of the applicant's right to a hearing under paragraph (a). If the applicant requests a hearing in writing within 30 days of the date of the notice, a contested case hearing must be held. The hearing must be held within 45 days of the date the commissioner refers the case to the Office of Administrative Hearings. Notwithstanding any law to the contrary, the applicant must be served with 20 days notice in writing specifying the time and place of the hearing and the allegations against the applicant. The notice may be served personally or by mail. A license is subject to revocation when 30 days have passed following the date of the notice in this paragraph without the applicant requesting a hearing, or, if a hearing is timely requested, upon final determination of the hearing under section 14.62, subdivision 1. A license shall be revoked by the licensing authority within 30 days after receiving notice from the commissioner to revoke.~~

(b) The commissioner may notify a licensing authority under subdivision 1 only after the requirements of paragraph (a) have been satisfied.

(c) A hearing under this subdivision is in lieu of any other hearing or proceeding provided by law arising from any action taken under subdivision 1.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 3. Minnesota Statutes 2012, section 270C.725, subdivision 1, is amended to read:

Subdivision 1. **Posting, notice.** Pursuant to the authority to disclose under section 270B.12, subdivision 4, the commissioner shall, by the 15th of each month, submit to the commissioner of public safety a list of all taxpayers, except taxpayers exempted from the list in subdivision 1a, who are required to pay, withhold, or collect the tax imposed by section 290.02, 290.0922, 290.92, 290.9727, 290.9728, 290.9729, or 297A.62, or local sales and use tax payable to the commissioner, or a local option tax administered and collected by the commissioner, and who are ten days or more delinquent in either filing a tax return or paying the tax.

The commissioner is under no obligation to list a taxpayer whose business is inactive. At least ten days before notifying the commissioner of public safety, the commissioner shall notify the taxpayer of the intended action.

The commissioner of public safety shall post the list in the same manner as provided in section 340A.318, subdivision 3. The list will prominently show the date of posting. If a taxpayer previously listed files all returns and pays all taxes specified in this subdivision then due, the commissioner shall notify the commissioner of public safety within two business days.

Sec. 4. Minnesota Statutes 2012, section 270C.725, is amended by adding a subdivision to read:

Subd. 1a. **Exemption from posting.** The commissioner shall exclude from the list required in subdivision 1 any taxpayer that is ten or more days delinquent in paying the sales and use tax under section 297A.62 or local sales or use tax payable to the commissioner, if (1) these taxes are the only delinquent taxes owed by the taxpayer, (2) the commissioner and taxpayer have an agreed upon written repayment schedule for the delinquent taxes, and (3) the

taxpayer has made the payments under the written schedule in a timely fashion. Any failure to make a payment under the written schedule, or a delinquency of more than ten days in other taxes listed in subdivision 1, or in other payments of taxes due under section 297A.62, or local sales and use taxes collected by the commissioner that are not covered by the written repayment schedule shall result in the taxpayer being included in the list required in subdivision 1.

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

Sec. 5. Minnesota Statutes 2012, section 279.03, subdivision 2, is amended to read:

Subd. 2. **Composite judgment.** ~~Amounts included in composite judgments authorized by section 279.37, subdivision 1, and confessed on or after July 1, 1982, are subject to interest at the rate determined pursuant to section 549.09. Amounts confessed under this authority after December 31, 1990, (a) Except as provided in paragraph (b), amounts included in composite judgments authorized by section 279.37, subdivision 1, are subject to interest at the rate calculated under subdivision 1a. During each calendar year, interest shall accrue on the unpaid balance of the composite judgment from the time it is confessed until it is paid. The rate of interest is subject to change each year in the same manner that section 549.09 or subdivision 1a, whichever is applicable, for rate changes. Interest on the unpaid contract balance on judgments confessed before July 1, 1982, is payable at the rate applicable to the judgment at the time that it was confessed. The interest rate established at the time the judgment is confessed is fixed for the duration of that judgment.~~

(b) A confession of judgment covering any part of a parcel classified as 1a or 1b, and used as the primary homestead of the owner, is subject to interest at the rate provided in section 279.37, subdivision 2, paragraph (b).

EFFECTIVE DATE. This section is effective for confession judgments entered into on or after January 1, 2015.

Sec. 6. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is amended to read:

Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to whom the right to pay taxes has been given by statute, mortgage, or other agreement, may make and file with the county auditor of the county in which the parcel is located a written offer to pay the current taxes each year before they become delinquent, or to contest the taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess judgment for the amount provided, as determined by the county auditor. By filing the offer, the owner waives all irregularities in connection with the tax proceedings affecting the parcel and any defense or objection which the owner may have to the proceedings, and also waives the requirements of any notice of default in the payment of any installment or interest to become due pursuant to the composite judgment to be so entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree to pay the balance in nine equal installments, with interest as provided in section 279.03, payable annually on installments remaining unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed.

(b) If any part of the parcel consists of real estate classified as 1a or 1b and used as the homestead by the owner of the property, the commissioner of revenue shall set annually the interest rate on offers made under paragraph (a) at the greater of five percent or two percent above the prime rate charged by banks during the six-month period ending on September 30 of that year, rounded to the nearest full percent, provided that the rate must not exceed the maximum annum rate specified under section 279.03, subdivision 1a. The rate of interest becomes effective on January 1 of the immediately succeeding year. If a default occurs in the payments under any confessed judgment entered under this paragraph, the taxes and penalties due are subject to the interest rate specified in section 279.03.

For the purposes of this subdivision:

(1) the term "prime rate charged by banks" means the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System; and

(2) "default" means the cancellation of the confession of judgment due to nonpayment of the current year tax or failure to make any installment payment required by this confessed judgment within 60 days from the date on which payment was due.

(c) The interest rate established at the time judgment is confessed is fixed for the duration of the judgment. By October 15 of each year, the commissioner of revenue must determine the rate of interest as provided under paragraph (b) and, by November 1 of each year, must certify the rate to the county auditor.

(d) A qualified property owner eligible to enter into a second confession of judgment may do so at the interest rate provided in paragraph (b).

(e) Repurchase agreements or contracts for repurchase for properties being repurchased under section 282.261 are not eligible to receive the interest rate under paragraph (b).

(f) The offer must be substantially as follows:

"To the court administrator of the district court of county, I,, am the owner of the following described parcel of real estate located in county, Minnesota:

..... Upon that real estate there are delinquent taxes for the year, and prior years, as follows: (here insert year of delinquency and the total amount of delinquent taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and any defense or objection which I may have to them, and direct judgment to be entered for the amount stated above, minus the sum of \$....., to be paid with this document, which is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above. I agree to pay the balance of the judgment in nine or four equal, annual installments, with interest as provided in section 279.03, payable annually, on the installments remaining unpaid. I agree to pay the installments and interest on or before December 31 of each year following the year in which this judgment is confessed and current taxes each year before they become delinquent, or within 30 days after the entry of final judgment in proceedings to contest the taxes under Minnesota Statutes, sections 278.01 to 278.13.

Dated,"

EFFECTIVE DATE. This section shall be effective for confession judgments entered into on or after January 1, 2015.

Sec. 7. Minnesota Statutes 2013 Supplement, section 360.531, subdivision 2, is amended to read:

Subd. 2. **Rate.** The tax shall be as follows:

Base Price	Tax
Under \$499,999 Not over \$500,000	\$100
over \$500,000 to \$999,999 but not over \$1,000,000	\$200
over \$1,000,000 to \$2,499,999 but not over \$2,500,000	\$2,000
over \$2,500,000 to \$4,999,999 but not over \$5,000,000	\$4,000

<u>over \$5,000,000 to \$7,499,999 but not over \$7,500,000</u>	\$7,500
<u>over \$7,500,000 to \$9,999,999 but not over \$10,000,000</u>	\$10,000
<u>over \$10,000,000 to \$12,499,999 but not over \$12,500,000</u>	\$12,500
<u>over \$12,500,000 to \$14,999,999 but not over \$15,000,000</u>	\$15,000
<u>over \$15,000,000 to \$17,499,999 but not over \$17,500,000</u>	\$17,500
<u>over \$17,500,000 to \$19,999,999 but not over \$20,000,000</u>	\$20,000
<u>over \$20,000,000 to \$22,499,999 but not over \$22,500,000</u>	\$22,500
<u>over \$22,500,000 to \$24,999,999 but not over \$25,000,000</u>	\$25,000
<u>over \$25,000,000 to \$27,499,999 but not over \$27,500,000</u>	\$27,500
<u>over \$27,500,000 to \$29,999,999 but not over \$30,000,000</u>	\$30,000
<u>over \$30,000,000 to \$39,999,999 but not over \$40,000,000</u>	\$50,000
<u>over \$40,000,000 and over</u>	\$75,000

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to aircraft tax due on or after that date.

Sec. 8. Minnesota Statutes 2012, section 383E.21, subdivision 1, is amended to read:

Subdivision 1. **Authority to levy property taxes and incur debt.** (a) To finance the cost of designing, constructing, and acquiring countywide public safety improvements and equipment, including personal property, benefiting both Anoka County and the municipalities located within Anoka County, the governing body of Anoka County may levy property taxes for public safety improvements and equipment, and issue:

(1) capital improvement bonds under the provisions of section 373.40 as if the infrastructure and equipment qualified as a "capital improvement" within the meaning of section 373.40, subdivision 1, paragraph (b); and

(2) capital notes under the provisions of section 373.01, subdivision 3, as if the equipment qualified as "capital equipment" within the meaning of section 373.01, subdivision 3. Personal property acquired with the proceeds of the bonds or capital notes issued under this section must have an expected useful life at least as long as the term of debt.

(b) The outstanding principal amount of the bonds and the capital notes issued under this section may not exceed \$8,000,000 at any time. Any bonds or notes issued pursuant to this section must only be issued after approval by a majority vote of the Anoka County Joint Law Enforcement Council, a joint powers board.

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2013 and expires under Minnesota Statutes, section 383E.21, subdivision 3.

Sec. 9. Minnesota Statutes 2012, section 383E.21, subdivision 2, is amended to read:

Subd. 2. **Treatment of levy.** Notwithstanding sections 275.065, subdivision 3, and 276.04, the county may report the tax attributable to any levy to fund public safety capital improvements or equipment projects approved by the Anoka County Joint Law Enforcement Council or pay principal and interest on bonds or notes issued under this section as a separate line item on the proposed property tax notice and the property tax statement. ~~Notwithstanding any provision in chapter 275 or 373 to the contrary, bonds or notes issued by Anoka County under this section must not be included in the computation of the net debt of Anoka County.~~

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2013 and expires under Minnesota Statutes, section 383E.21, subdivision 3.

Sec. 10. Minnesota Statutes 2013 Supplement, section 469.169, is amended by adding a subdivision to read:

Subd. 20. **Additional zone allocations.** \$3,000,000 is allocated per year for calendar years 2014 through 2019 for tax reductions in border city enterprise zones and border city development zones. The commissioner shall allocate this amount among the cities on a per capita basis. Allocations may be used for tax reductions for that year under either:

(1) the border city enterprise zone program under section 469.171, or for other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, if the municipality determines that the granting of the tax reduction or offset is necessary to retain a business within or attract a business to the zone; or

(2) the border city development zone program under section 469.1732 or 469.1734.

EFFECTIVE DATE. This section is effective July 1, 2014, but only \$1,500,000 is available in calendar year 2014.

Sec. 11. Minnesota Statutes 2012, section 469.171, subdivision 6, is amended to read:

Subd. 6. **Additional border city tax reductions.** In addition to the tax reductions authorized by subdivision 1, for a border city zone, the following types of tax reductions may be approved:

(1) a credit against income tax for workers employed in the zone and not qualifying for a credit under subdivision 1, clause (2), subject to a maximum of ~~\$1,500~~ \$3,000 per employee per year;

(2) a state paid property tax credit for a portion of the property taxes paid by a commercial or industrial facility located in the zone.

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

Sec. 12. **CARLTON COUNTY; LEVY FOR SOIL AND WATER CONSERVATION DISTRICT.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, "district" means the Carlton County Soil and Water Conservation District.

(b) For the purposes of this section, "county" means Carlton County.

Subd. 2. **Special project levy.** Notwithstanding any law to the contrary, the county may levy ad valorem property taxes on taxable property within the area of its jurisdiction for the purposes specified in subdivision 3. The proceeds of the tax must be placed in a separate account and used only for the purposes specified in subdivision 3. The amount levied is separate from any other amount to be levied for the district by the county under Minnesota Statutes, section 103C.331, subdivision 16.

Subd. 3. **Purpose; limit on levy amount.** (a) The county must allocate the proceeds of any tax imposed under this section to the district solely to pay principal, interest, and any associated costs of obtaining and servicing a loan to finance the planning, constructing, and equipping of an office and storage facility for the district.

(b) The maximum amount of the levy in any year may not exceed the amount necessary, after deduction of any amount remaining from the levy imposed in prior years, to pay 105 percent of the principal and interest due in the following calendar year and through July 1 of the next year.

Subd. 4. **Expiration.** (a) This section expires:

(1) following the final payment of principal, interest, and any associated costs of the loan under subdivision 3, or any loan or other financing that refinanced the original loan; or

(2) if the district does not obtain the loan under subdivision 3 prior to May 1, 2017.

(b) Upon expiration of this section, any amount remaining in the account created under subdivision 2 must be transferred to the general account of the county and used to reduce any amount to be levied for the district by the county under Minnesota Statutes, section 103C.331, subdivision 16, for the following year, and any subsequent years, until the amount remaining is exhausted.

EFFECTIVE DATE. This section is effective the day following compliance by Carlton County with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. **PURPOSE STATEMENTS; TAX EXPENDITURES.**

Subdivision 1. **Authority.** This section is intended to fulfill the requirement under Minnesota Statutes, section 3.192, that a bill creating, renewing, or continuing a tax expenditure provide a purpose for the tax expenditure and a standard or goal against which its effectiveness may be measured.

Subd. 2. **Income tax subtraction for discharge of indebtedness income.** The provisions of article 4, section 7, clause (21), are intended to exclude from state taxation in 2014 amounts otherwise recognizable as income but excluded at the federal level for tax years 2007 through 2013 in response to the national housing crisis.

Subd. 3. **Income tax subtraction for military pay; Active Guard/Reserve members of the National Guard.** The provisions of article 4, section 7, clause (10), are intended to provide equitable tax treatment to Minnesota residents who are members of the National Guard and serve full time in Active Guard/Reserve (AGR) status by allowing an income tax subtraction for military pay equivalent to that allowed under Minnesota Statutes, section 290.01, subdivision 19b, clause (11), for Minnesota residents who serve full time in the armed forces of the United States.

Subd. 4. **Research credit for sole proprietors.** The provisions of article 4, section 9, are intended to provide equitable tax treatment for Minnesota businesses operated as sole proprietorships by allowing sole proprietors to claim the research credit on the same basis as it is allowed for businesses operated as C corporations or pass-through entities.

Subd. 5. **Estate tax situs rule for qualified art.** The provisions of article 4, section 12, deeming certain qualified art on loan to Minnesota nonprofit entities as property with a situs outside Minnesota under the estate tax are intended to prevent the Minnesota estate tax from discouraging nonresident owners of art from loaning it to Minnesota nonprofit museums.

Subd. 6. **Sales of coin-operated amusement devices defined as sales for resale.** The provisions of article 3, section 9, defining certain coin-operated amusement devices as sales for resale are intended to reduce tax pyramiding by exempting an input to a taxable service.

Subd. 7. **Expansion of sales tax exemption for local governments.** The provisions of article 3, sections 12 and 17, modifying the sales tax on certain local government purchases are intended to reduce the cost of providing local government services, remove a barrier for intergovernmental cooperation, and reduce existing compliance and administration costs for local governments.

Subd. 8. **Fund-raising sales by nonprofit groups.** The provisions of article 3, section 13, raising the limit on tax exempt fund-raising by nonprofit organizations is intended to reflect the impact on inflation over time on the limit and reduce compliance costs for groups that exceed the limit.

Subd. 10. **Microdistillery credit.** The provisions of article 3, section 19, allowing a microdistillery credit is to relieve small distillers of the burden of paying excise tax on the distribution of free samples of their products and to encourage the development and marketing of products by niche distillers in the state.

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

ARTICLE 8
UNSESSION

Section 1. Minnesota Statutes 2012, section 16D.02, subdivision 3, is amended to read:

Subd. 3. **Debt.** "Debt" means an amount owed to the state directly, or through a state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by the state, rent, service, sale of real or personal property, overpayment, fine, assessment, penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability owed, an assignment to the state including assignments under section 256.741, the Social Security Act, or other state or federal law, recovery of costs incurred by the state, or any other source of indebtedness to the state. Debt also includes amounts owed to individuals as a result of civil, criminal, or administrative action brought by the state or a state agency pursuant to its statutory authority or for which the state or state agency acts in a fiduciary capacity in providing collection services in accordance with the regulations adopted under the Social Security Act at Code of Federal Regulations, title 45, section 302.33. When the commissioner provides collection services pursuant to a debt qualification plan to a referring agency, debt also includes an amount owed to the courts, local government units, Minnesota state colleges and universities governed by the Board of Trustees of the Minnesota State Colleges and Universities, or University of Minnesota.

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

Sec. 2. Minnesota Statutes 2012, section 16D.02, subdivision 6, is amended to read:

Subd. 6. **Referring agency.** "Referring agency" means a state agency, local government unit, Minnesota state colleges and universities governed by the Board of Trustees of the Minnesota State Colleges and Universities, University of Minnesota, or a court, that has entered into a debt qualification plan an agreement with the commissioner to refer debts to the commissioner for collection.

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

Sec. 3. Minnesota Statutes 2012, section 16D.04, subdivision 3, is amended to read:

Subd. 3. **Services.** The commissioner shall provide collection services for a state agency, and may provide for collection services for a court, ~~in accordance with the terms and conditions of a signed debt qualification plan~~ referring agencies other than state agencies.

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

Sec. 4. Minnesota Statutes 2012, section 16D.04, subdivision 4, is amended to read:

Subd. 4. **Authority to contract.** ~~The commissioners commissioner~~ commissioner of revenue ~~and management and budget~~ may contract with credit bureaus, private collection agencies, and other entities as necessary for the collection of debts. A private collection agency acting under a contract with the commissioner of revenue ~~or management and~~

~~budget~~ is subject to sections 332.31 to 332.45, except that the private collection agency may indicate that it is acting under a contract with the state. The commissioner may not delegate the powers provided under section 16D.08 to any nongovernmental entity.

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

Sec. 5. Minnesota Statutes 2012, section 16D.07, is amended to read:

16D.07 NOTICE TO DEBTOR.

The referring agency shall send notice to the debtor by United States mail or personal delivery at the debtor's last known address at least 20 days before the debt is referred to the commissioner. The notice must state the nature and amount of the debt, identify to whom the debt is owed, and inform the debtor of the remedies available under this chapter. The referring agency shall advise the debtor of collection costs imposed under section 16D.11 and of the debtor's right to cancellation of collection costs under section 16D.11, subdivision 3.

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

Sec. 6. Minnesota Statutes 2012, section 16D.11, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** As determined by the commissioner of ~~management and budget~~ revenue, collection costs shall be added to the debts referred to the commissioner or private collection agency for collection. Collection costs are collectible by the commissioner or private agency from the debtor at the same time and in the same manner as the referred debt. ~~The referring agency shall advise the debtor of collection costs under this section and the debtor's right to cancellation of collection costs under subdivision 3 at the time the agency sends notice to the debtor under section 16D.07.~~ If the commissioner or private agency collects an amount less than the total due, the payment is applied proportionally to collection costs and the underlying debt unless the commissioner of management and budget has waived this requirement for certain categories of debt pursuant to the department's internal guidelines. Collection costs collected by the commissioner under this subdivision or retained under subdivision 6 shall be deposited in the general fund as nondedicated receipts. ~~Collection costs collected by private agencies are appropriated to the referring agency to pay the collection fees charged by the private agency.~~ Collections of collection costs in excess of collection agency fees must be deposited in the general fund as nondedicated receipts.

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

Sec. 7. Minnesota Statutes 2012, section 16D.11, subdivision 3, is amended to read:

Subd. 3. **Cancellation.** Collection costs imposed under subdivision 1 shall be canceled and subtracted from the amount due if:

(1) the debtor's household income as defined in section 290A.03, subdivision 5, excluding the exemption subtractions in subdivision 3, paragraph (3) of that section, for the 12 months preceding the date of referral is less than twice the annual federal poverty guideline under United States Code, title 42, section 9902, subsection (2);

(2) within 60 days after the first contact with the debtor by the ~~enterprise commissioner~~ commissioner or collection agency, the debtor establishes reasonable cause for the failure to pay the debt prior to referral of the debt to the ~~enterprise commissioner~~ commissioner;

(3) a good faith dispute as to the legitimacy or the amount of the debt is made, and payment is remitted or a payment agreement is entered into within 30 days after resolution of the dispute;

(4) good faith litigation occurs and the debtor's position is substantially justified, and if the debtor does not totally prevail, the debt is paid or a payment agreement is entered into within 30 days after the judgment becomes final and nonappealable; or

(5) collection costs have been added by the referring agency and are included in the amount of the referred debt.

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

Sec. 8. Minnesota Statutes 2012, section 16D.11, subdivision 7, is amended to read:

Subd. 7. **Adjustment of rate.** By June 1 of each year, the commissioner shall determine the rate of collection costs for debts referred to the ~~enterprise commissioner~~ during the next fiscal year. The rate is a percentage of the debts in an amount that most nearly equals the costs of the ~~enterprise commissioner~~ necessary to process and collect referred debts under this chapter. In no event shall the rate of the collection costs exceed 25 percent of the debt. Determination of the rate of collection costs under this section is not subject to the fee setting requirements of section 16A.1283.

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

Sec. 9. Minnesota Statutes 2012, section 84A.20, subdivision 2, is amended to read:

Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county commissioners of any county may by resolution propose to the state that one or more areas in the county be taken over by the state for afforestation, reforestation, flood control projects, or other state purposes. The projects are to be managed, controlled, and used for the purposes in subdivision 1 on lands to be acquired by the state within the projects, as set forth in sections 84A.20 to 84A.30. The county board may propose this if ~~(1) the county contains lands suitable for the purposes in subdivision 1, (2) on January 1, 1931, the taxes on more than 35 percent of the taxable land in the county are delinquent, (3) on January 1, 1931, the county's bonded ditch indebtedness, including accrued interest, equals or exceeds nine percent of the assessed valuation of the county, exclusive of money and credits.~~

The area taken over must include lands that have been assessed for all or part of the cost of the establishment and construction of public drainage ditches under state law, and on which the assessments or installments are delinquent. A certified copy of the county board's resolution must be filed with the department and considered and acted upon by the department. If approved by the department, it must then be submitted to, considered, and acted upon by the executive council. If approved by the Executive Council, the proposition must be formally accepted by the governor. Acceptance must be communicated in writing to and filed with the county auditor.

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

Sec. 10. Minnesota Statutes 2012, section 84A.31, subdivision 2, is amended to read:

Subd. 2. **County proposal to state.** ~~Under certain conditions,~~ The board of county commissioners of any county may by resolution propose that the state take over part of the tax-delinquent lands in the county. ~~The board may propose this if:~~

~~(1) the county contains land suitable for the purposes in subdivision 1;~~

~~(2) on January 1, 1933, the taxes on more than 25 percent of the acreage of the lands in a town in the county are delinquent, as shown by its tax books;~~

~~(3) on January 1, 1933, the taxes or ditch assessments on more than 50 percent of the acreage of the lands to be taken over are delinquent, as shown by the county's tax books; and~~

~~(4) on January 1, 1933, the bonded ditch indebtedness of the county equals or exceeds 15 percent of the assessed value of the county for 1932 as fixed by the Minnesota Tax Commission, exclusive of money and credits.~~

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

Sec. 11. Minnesota Statutes 2012, section 115B.49, subdivision 4, is amended to read:

Subd. 4. **Registration; fees.** (a) The owner or operator of a dry cleaning facility shall register on or before October 1 of each year with the commissioner of revenue in a manner prescribed by the commissioner of revenue and pay a registration fee for the facility. The amount of the fee is:

- (1) \$500, for facilities with a full-time equivalence of fewer than five;
- (2) \$1,000, for facilities with a full-time equivalence of five to ten; and
- (3) \$1,500, for facilities with a full-time equivalence of more than ten.

The registration fee must be paid on or before October 18 or the owner or operator of a dry cleaning facility may elect to pay the fee in equal installments. Installment payments must be paid on or before October 18, on or before January 18, on or before April 18, and on or before June 18. All payments made after October 18 bear interest at the rate specified in section 270C.40.

(b) A person who sells dry cleaning solvents for use by dry cleaning facilities in the state shall collect and remit to the commissioner of revenue in a the same manner prescribed by the commissioner of revenue, ~~on or before the 20th day of the month following the month in which the sales of dry cleaning solvents are made~~ for the taxes imposed under chapter 297A, a fee of:

- (1) \$3.50 for each gallon of perchloroethylene sold for use by dry cleaning facilities in the state;
- (2) 70 cents for each gallon of hydrocarbon-based dry cleaning solvent sold for use by dry cleaning facilities in the state; and
- (3) 35 cents for each gallon of other nonaqueous solvents sold for use by dry cleaning facilities in the state.

(c) The audit, assessment, appeal, collection, enforcement, and administrative provisions of chapters 270C and 289A apply to the fee imposed by this subdivision. To enforce this subdivision, the commissioner of revenue may grant extensions to file returns and pay fees, impose penalties and interest on the annual registration fee under paragraph (a) and the monthly fee under paragraph (b), and abate penalties and interest in the manner provided in chapters 270C and 289A. The penalties and interest imposed on taxes under chapter 297A apply to the fees imposed under this subdivision. Disclosure of data collected by the commissioner of revenue under this subdivision is governed by chapter 270B.

EFFECTIVE DATE. This section is effective for fees due after June 30, 2014.

Sec. 12. Minnesota Statutes 2012, section 163.06, subdivision 1, is amended to read:

Subdivision 1. **Levy.** The county board of any county in which there are unorganized townships may levy a tax for road and bridge purposes upon all the real and personal property in such unorganized townships, ~~exclusive of money and credits taxed under the provisions of chapter 285.~~

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

Sec. 13. Minnesota Statutes 2012, section 270.11, subdivision 1, is amended to read:

Subdivision 1. **To act as State Board of Equalization.** The commissioner of revenue shall have and exercise all the rights, powers and authority by law vested in the State Board of Equalization, ~~which board of equalization is hereby continued,~~ with full power and authority to review, modify, and revise all of the acts and proceedings of the commissioner in so far as they relate to the equalization and valuation of property assessed for taxation, as prescribed by section 270.12.

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

Sec. 14. Minnesota Statutes 2012, section 270.12, subdivision 2, is amended to read:

Subd. 2. **Meeting dates; duties.** The board shall meet annually between April 15 and June 30 at the office of the commissioner of revenue and examine and compare the returns of the assessment of the property in the several counties, and equalize the same so that all the taxable property in the state shall be assessed at its market value, subject to the following rules:

(1) The board shall add to or deduct from the aggregate valuation of the real property of every county, which the board believes to be valued below or above its market value in money, such percent as will bring the same to its market value ~~in money~~;

~~(2) The board shall deduct from the aggregate valuation of the real property of every county, which the board believes to be valued above its market value in money, such percent as will reduce the same to its market value in money;~~

~~(3) (2) If the board believes the valuation for a part of a class determined by a range of market value under clause (8) (6) or otherwise, a class, or classes of the real property of any town or district in any county, or the valuation for a part of a class, a class, or classes of the real property of any county not in towns or cities, should be raised or reduced, without raising or reducing the other real property of such county, or without raising or reducing it in the same ratio, the board may add to, or take from, the valuation of a part of a class, a class, or classes in any one or more of such towns or cities, or of the property not in towns or cities, such percent as the board believes will raise or reduce the same to its market value in money;~~

(4) (3) The board shall add to or take from the aggregate valuation of any part of a class, a class, or classes of personal property of any county, town, or city, which the board believes to be valued below or above the market value thereof, such percent as will raise the same to its market value ~~in money~~;

~~(5) The board shall take from the aggregate valuation of any part of a class, a class, or classes of personal property in any county, town or city, which the board believes to be valued above the market value thereof, such percent as will reduce the same to its market value in money;~~

~~(6) (4) The board shall not reduce the aggregate valuation of all the property of the state, as returned by the several county auditors, more than one percent on the whole valuation thereof;~~

~~(7)~~ (5) When it would be of assistance in equalizing values the board may require any county auditor to furnish statements showing assessments of real and personal property of any individuals, firms, or corporations within the county. The board shall consider and equalize such assessments and may increase the assessment of individuals, firms, or corporations above the amount returned by the county board of equalization when it shall appear to be undervalued, first giving notice to such persons of the intention of the board so to do, which notice shall fix a time and place of hearing. The board shall not decrease any such assessment below the valuation placed by the county board of equalization;

~~(8)~~ (6) In equalizing values pursuant to this section, the board shall utilize a 12-month assessment/sales ratio study conducted by the Department of Revenue containing only sales that are filed in the county auditor's office under section 272.115, by November 1 of the previous year and that occurred between October 1 of the year immediately preceding the previous year and September 30 of the previous year.

The assessment/sales ratio study may separate the values of residential property into market value categories. The board may adjust the market value categories and the number of categories as necessary to create an adequate sample size for each market value category. The board may determine the adequate sample size. To the extent practicable, the methodology used in preparing the assessment/sales ratio study must be consistent with the most recent Standard on Assessment Sales Ratio Studies published by the Assessment Standards Committee of the International Association of Assessing Officers. The board may determine the geographic area used in preparing the study to accurately equalize values. A sales ratio study separating residential property into market value categories may not be used as the basis for a petition under chapter 278.

The sales prices used in the study must be discounted for terms of financing. The board shall use the median ratio as the statistical measure of the level of assessment for any particular category of property; and

~~(9)~~ (7) The board shall receive from each county the estimated market values on the assessment date falling within the study period for all parcels by ~~magnetic tape or other~~ a medium as prescribed by the commissioner of revenue.

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

Sec. 15. Minnesota Statutes 2012, section 270.12, subdivision 4, is amended to read:

Subd. 4. **Public utility property.** For purposes of equalization only, public utility personal property shall be treated as a separate class of property ~~notwithstanding the fact that its class rate is the same as commercial industrial property.~~

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

Sec. 16. Minnesota Statutes 2012, section 270A.03, subdivision 2, is amended to read:

Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city, including a city that is presenting a claim for a municipal hospital or a public library or a municipal ambulance service, a hospital district, a private nonprofit hospital that leases its building from the county or city in which it is located, any ambulance service licensed under chapter 144E, any public agency responsible for child support enforcement, any public agency responsible for the collection of court-ordered restitution, and any public agency established by general or special law that is responsible for the administration of a low-income housing program, ~~and the Minnesota collection enterprise as defined in section 16D.02, subdivision 8, for the purpose of collecting the costs imposed under section 16D.11.~~

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

Sec. 17. Minnesota Statutes 2012, section 270B.14, subdivision 3, is amended to read:

Subd. 3. ~~Administration of enterprise, and job opportunity, and biotechnology and health sciences industry zone programs.~~ The commissioner may disclose return information relating to the taxes imposed by chapters 290 and 297A to the Department of Employment and Economic Development or a municipality with a border city enterprise zone as defined under section 469.166, but only as necessary to administer the funding limitations under section 469.169, or to the Department of Employment and Economic Development and appropriate officials from the local government units in which a qualified business is located but only as necessary to enforce the job opportunity building zone benefits under section 469.315, ~~or biotechnology and health sciences industry zone benefits under section 469.336.~~

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

Sec. 18. Minnesota Statutes 2012, section 270C.085, is amended to read:

270C.085 NOTIFICATION REQUIREMENTS; SALES AND USE TAXES.

The commissioner of revenue shall establish a means of electronically notifying persons holding a sales tax permit under section 297A.84 of any statutory change in chapter 297A and any issuance or change in any administrative rule, revenue notice, or sales tax fact sheet or other written information provided by the department explaining the interpretation or administration of the tax imposed under that chapter. The notification must indicate the basic subject of the statute, rule, fact sheet, or other material and provide an electronic link to the material. Any person holding a sales tax permit that provides an electronic address to the department must receive these notifications unless they specifically request electronically, or in writing, to be removed from the notification list. This requirement does not replace traditional means of notifying the general public or persons without access to electronic communications of changes in the sales tax law. ~~The electronic notification must begin no later than December 31, 2009.~~

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

Sec. 19. Minnesota Statutes 2012, section 270C.52, subdivision 2, is amended to read:

Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the commissioner together with interest and penalty thereon, if any, has not been paid, the commissioner may extend the time for payment for a further period. When the authority of this section is invoked, the extension shall be evidenced by written agreement signed by the taxpayer and the commissioner, stating the amount of the tax with penalty and interest, if any, and providing for the payment of the amount in installments.

(b) The agreement may contain a confession of judgment for the amount and for any unpaid portion thereof. If the agreement contains a confession of judgment, the confession of judgment must provide that the commissioner may enter judgment against the taxpayer in the district court of the county of residence as shown upon the taxpayer's tax return for the unpaid portion of the amount specified in the extension agreement.

(c) The agreement shall provide that it can be terminated, after notice by the commissioner, if information provided by the taxpayer prior to the agreement was inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy, there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed to make a payment due under the agreement, or the taxpayer has failed to pay any other tax or file a tax return coming due after the agreement.

(d) The notice must be given at least 14 calendar days prior to termination, and shall advise the taxpayer of the right to request a reconsideration from the commissioner of whether termination is reasonable and appropriate under the circumstances. A request for reconsideration does not stay collection action beyond the 14-day notice period. If the commissioner has reason to believe that collection of the tax covered by the agreement is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the agreement without regard to the 14-day period.

(e) The commissioner may accept other collateral the commissioner considers appropriate to secure satisfaction of the tax liability. The principal sum specified in the agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions thereof until the same has been fully paid or the unpaid portion thereof has been entered as a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

(f) If it appears to the commissioner that the tax reported by the taxpayer is in excess of the amount actually owing by the taxpayer, the extension agreement or the judgment entered pursuant thereto shall be corrected. If after making the extension agreement or entering judgment with respect thereto, the commissioner determines that the tax as reported by the taxpayer is less than the amount actually due, the commissioner shall assess a further tax in accordance with the provisions of law applicable to the tax.

(g) The authority granted to the commissioner by this section is in addition to any other authority granted to the commissioner by law to extend the time of payment or the time for filing a return and shall not be construed in limitation thereof.

(h) The commissioner shall charge a fee for entering into payment agreements ~~that reflects the commissioner's costs for entering into payment agreements.~~ The fee is set at \$50 and is charged for entering into a payment agreement, for entering into a new payment agreement after the taxpayer has defaulted on a prior agreement, and for entering into a new payment agreement as a result of renegotiation of the terms of an existing agreement. The fee is paid to the commissioner before the payment agreement becomes effective and does not reduce the amount of the liability.

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

Sec. 20. Minnesota Statutes 2012, section 272.01, subdivision 1, is amended to read:

Subdivision 1. **Generally taxable.** All real and personal property in this state, ~~and all personal property of persons residing therein, including the property of corporations, banks, banking companies, and bankers,~~ is taxable, except Indian lands and such other property as is by law exempt from taxation.

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

Sec. 21. Minnesota Statutes 2012, section 272.01, subdivision 3, is amended to read:

Subd. 3. **Exceptions.** The provisions of subdivision 2 shall not apply to:

(a) Federal property for which payments are made in lieu of taxes in amounts equivalent to taxes which might otherwise be lawfully assessed;

(b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is leased, loaned, or otherwise made available to telephone companies or electric, light and power companies upon which personal property consisting of transmission and distribution lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40 and 273.41, or upon which are situated the communication lines of express, railway, or telephone ~~or telegraph~~ companies, or pipelines used for the transmission and distribution of petroleum products, or the equipment items of a cable communications company subject to sections 238.35 to 238.42;

(c) Property presently owned by any educational institution chartered by the territorial legislature;

(d) Indian lands;

(e) Property of any corporation organized as a tribal corporation under the Indian Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);

(f) Real property owned by the state and leased pursuant to section 161.23 or 161.431, and acts amendatory thereto;

(g) Real property owned by a seaway port authority on June 1, 1967, upon which there has been constructed docks, warehouses, tank farms, administrative and maintenance buildings, railroad and ship terminal facilities and other maritime and transportation facilities or those directly related thereto, together with facilities for the handling of passengers and baggage and for the handling of freight and bulk liquids, and personal property owned by a seaway port authority used or usable in connection therewith, when said property is leased to a private individual, association or corporation, but only when such lease provides that the said facilities are available to the public for the loading and unloading of passengers and their baggage and the handling, storage, care, shipment, and delivery of merchandise, freight and baggage and other maritime and transportation activities and functions directly related thereto, but not including property used for grain elevator facilities; it being the declared policy of this state that such property when so leased is public property used exclusively for a public purpose, notwithstanding the one-year limitation in the provisions of section 273.19;

(h) Notwithstanding the provisions of clause (g), when the annual rental received by a seaway port authority in any calendar year for such leased property exceeds an amount reasonably required for administrative expense of the authority per year, plus promotional expense for the authority not to exceed the sum of \$100,000 per year, to be expended when and in the manner decided upon by the commissioners, plus an amount sufficient to pay all installments of principal and interest due, or to become due, during such calendar year and the next succeeding year on any revenue bonds issued by the authority, plus 25 percent of the gross annual rental to be retained by the authority for improvement, development, or other contingencies, the authority shall make a payment in lieu of real and personal property taxes of a reasonable portion of the remaining annual rental to the county treasurer of the county in which such seaway port authority is principally located. Any such payments to the county treasurer shall be disbursed by the treasurer on the same basis as real estate taxes are divided among the various governmental units, but if such port authority shall have received funds from the state of Minnesota and funds from any city and county pursuant to Laws 1957, chapters 648, 831, and 849 and acts amendatory thereof, then such disbursement by the county treasurer shall be on the same basis as real estate taxes are divided among the various governmental units, except that the portion of such payments which would otherwise go to other taxing units shall be divided equally among the state of Minnesota and said county and city.

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

Sec. 22. Minnesota Statutes 2012, section 272.025, subdivision 1, is amended to read:

Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by the state of Minnesota or any political subdivision thereof, and property exempt from taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times provided in subdivision 3, a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivisions 4 2 to 33, must file a statement of exemption with the assessor of the assessment district in which the property is located.

(b) A taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 10, must file a statement of exemption with the commissioner of revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

(c) In case of sickness, absence or other disability or for good cause, the assessor or the commissioner may extend the time for filing the statement of exemption for a period not to exceed 60 days.

(d) The commissioner of revenue shall prescribe the form and contents of the statement of exemption.

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

Sec. 23. Minnesota Statutes 2012, section 272.027, subdivision 1, is amended to read:

Subdivision 1. **Electricity generated to produce goods and services.** Personal property used to generate electric power is exempt from property taxation if the electric power is used to manufacture or produce goods, products, or services, other than electric power, by the owner of the electric generation plant. ~~Except as provided in subdivisions 2 and 3,~~ The exemption does not apply to property used to produce electric power for sale to others and does not apply to real property. In determining the value subject to tax, a proportionate share of the value of the generating facilities, equal to the proportion that the power sold to others bears to the total generation of the plant, is subject to the general property tax in the same manner as other property. Power generated in such a plant and exchanged for an equivalent amount of power that is used for the manufacture or production of goods, products, or services other than electric power by the owner of the generating plant is considered to be used by the owner of the plant.

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

Sec. 24. Minnesota Statutes 2012, section 272.029, subdivision 6, is amended to read:

Subd. 6. **Distribution of revenues.** Revenues from the taxes imposed under subdivision 5 must be part of the settlement between the county treasurer and the county auditor under section 276.09. The revenue must be distributed by the county auditor or the county treasurer to local taxing jurisdictions in which the wind energy conversion system is located as follows: ~~beginning with distributions in 2010, 80 percent to counties; and 20 percent to cities and townships; and for distributions occurring in 2006 to 2009, 80 percent to counties; 14 percent to cities and townships; and six percent to school districts.~~

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

Sec. 25. Minnesota Statutes 2013 Supplement, section 273.032, is amended to read:

273.032 MARKET VALUE DEFINITION.

(a) Unless otherwise provided, for the purpose of determining any property tax levy limitation based on market value or any limit on net debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value, the terms "market value," "estimated market value," and "market valuation," whether equalized or unequalized, mean the estimated market value of taxable property within the local unit of government before any of the following or similar adjustments for:

(1) the market value exclusions under:

- (i) section 273.11, subdivisions 14a and 14c (vacant platted land);
- (ii) section 273.11, subdivision 16 (certain improvements to homestead property);
- (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);
- (iv) section 273.11, subdivision 21 (homestead property damaged by mold);
- (v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);
- (vi) section 273.13, subdivision 34 (homestead of a disabled veteran or family caregiver);
- (vii) section 273.13, subdivision 35 (homestead market value exclusion); or

(2) the deferment of value under:

(i) the Minnesota Agricultural Property Tax Law, section 273.111;

~~(ii) the Aggregate Resource Preservation Law, section 273.1115;~~

~~(iii) (ii) the Minnesota Open Space Property Tax Law, section 273.112;~~

~~(iv) (iii) the rural preserves property tax program, section 273.114; or~~

~~(v) (iv) the Metropolitan Agricultural Preserves Act, section 473H.10; or~~

(3) the adjustments to tax capacity for:

(i) tax increment financing under sections 469.174 to 469.1794;

(ii) fiscal disparities under chapter 276A or 473F; or

(iii) powerline credit under section 273.425.

(b) Estimated market value under paragraph (a) also includes the market value of tax-exempt property if the applicable law specifically provides that the limitation, qualification, or aid calculation includes tax-exempt property.

(c) Unless otherwise provided, "market value," "estimated market value," and "market valuation" for purposes of property tax levy limitations and calculation of state aid, refer to the estimated market value for the previous assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the estimated market value as last finally equalized.

(d) For purposes of a provision of a home rule charter or of any special law that is not codified in the statutes and that imposes a levy limitation based on market value or any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

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

Sec. 26. Minnesota Statutes 2012, section 273.061, subdivision 6, is amended to read:

Subd. 6. **Salaries; expenses.** The salaries of the county assessor and assistants and clerical help, shall be fixed by the board of county commissioners and shall be payable ~~in monthly installments~~ out of the general revenue fund of the county. ~~In counties with a population of less than 50,000 inhabitants, according to the then last preceding federal census, the board of county commissioners shall not fix the salary of the county assessor at an amount below the following schedule:~~

~~In counties with a population of less than 6,500, \$5,900;~~

~~In counties with a population of 6,500 but less than 12,000, \$6,200;~~

~~In counties with a population of 12,000 but less than 16,000, \$6,500;~~

~~In counties with a population of 16,000 but less than 21,000, \$6,700;~~

~~In counties with a population of 21,000 but less than 30,000, \$6,900;~~

~~In counties with a population of 30,000 but less than 39,500, \$7,100;~~

~~In counties with a population of 39,500 but less than 50,000, \$7,300;~~

~~In counties with a population of 50,000 or more, \$8,300.~~

In addition to their salaries, the county assessor and assistants shall be allowed their expenses for reasonable and necessary travel in the performance of their duties, including necessary travel, lodging and meal expense incurred by them while attending meetings of instructions or official hearings called by the commissioner of revenue. These expenses shall be payable out of the general revenue fund of the county, and shall be allowed on the same basis as such expenses are allowed to other county officers.

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

Sec. 27. Minnesota Statutes 2012, section 273.10, is amended to read:

273.10 SCHOOL DISTRICTS.

When assessing personal property the county assessor shall designate the number of the school district in which each person assessed is liable for tax, ~~by writing the number of the district opposite each assessment in a column provided for that purpose in the assessment book.~~ When the personal property of any person is assessable in several school districts, the amount in each shall be assessed separately, and the name of the owner placed opposite each amount.

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

Sec. 28. Minnesota Statutes 2012, section 273.11, subdivision 13, is amended to read:

Subd. 13. **Valuation of income-producing property.** ~~Beginning with the 1995 assessment,~~ Only accredited assessors or senior accredited assessors or other licensed assessors who have successfully completed at least two income-producing property appraisal courses may value income-producing property for ad valorem tax purposes. "Income-producing property" as used in this subdivision means the taxable property in class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal recreational property not used for commercial purposes; and class 5 in section 273.13, subdivision 31. "Income-producing property" includes any property in class 4e in section 273.13, subdivision 25, that would be income-producing property under the definition in this subdivision if it were not substandard. "Income-producing property appraisal course" as used in this subdivision means a course of study of approximately 30 instructional hours, with a final comprehensive test. An assessor must successfully complete the final examination for each of the two required courses. The course must be approved by the board of assessors.

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

Sec. 29. Minnesota Statutes 2012, section 273.112, subdivision 6a, is amended to read:

Subd. 6a. **Guidelines issued by commissioner.** The commissioner of revenue shall develop and issue guidelines for qualification by private golf clubs under this section covering the access to and use of the golf course by members and other adults so as to be consistent with the purposes and terms of this section. ~~The guidelines shall be mailed to the county attorney and assessor of each county not later than 60 days following May 26, 1989. Within 15 days of receipt of the guidelines from the commissioner, the assessor shall mail a copy of the guidelines to each golf club in the county.~~

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

Sec. 30. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 2, is amended to read:

Subd. 2. **Methodology.** In making its annual assessment/sales ratio studies, the Department of Revenue must use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota Administrative Procedure Act. When property is sold and the purchaser changes its use in a manner that would result in a change of classification of the property, the assessment sales ratio study under this subdivision must take into account that changed classification as soon as practicable. A change in status from homestead to nonhomestead or from nonhomestead to homestead is not a change under this subdivision. For purposes of this section, sections 270.12, subdivision 2, clause ~~(8)~~ (6), and 278.05, subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio study the sale of any nonagricultural property which does not contain an improvement, if (1) the statutory basis on which the property's taxable value as most recently assessed is less than market value as defined in section 273.11, or (2) the property has undergone significant physical change or a change of use since the most recent assessment.

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

Sec. 31. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 3, is amended to read:

Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each taxing district within each unique taxing jurisdiction is the amount certified for taxes payable in the prior year ~~shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for taxes payable in the year for which aid is being computed, to (2) its tax capacity using the class rates for taxes payable in the year prior to that for which aid is being computed, both based upon taxable market values for taxes payable in the year prior to that for which aid is being computed.~~ If the commissioner determines that insufficient information is available to reasonably and timely calculate the numerator in this ratio for the first taxes payable year that a class rate change or new class rate is effective, the commissioner shall omit the effects of that class rate change or new class rate when calculating this ratio for aid payable in that taxes payable year. For aid payable in the year following a year for which such omission was made, the commissioner shall use in the denominator for the class that was changed or created, the tax capacity for taxes payable two years prior to that in which the aid is payable, based on taxable market values for taxes payable in the year prior to that for which aid is being computed.

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2015.

Sec. 32. Minnesota Statutes 2012, section 273.18, is amended to read:

273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY BY COUNTY AUDITORS.

(a) In every sixth year after the year ~~1926~~ 2010, the county auditor shall enter, ~~in a separate place in the real estate assessment books,~~ the description of each tract of real property exempt by law from taxation, with the name of the owner, ~~if known,~~ and the assessor shall value and assess the same in the same manner that other real property is valued and assessed, and shall designate in each case the purpose for which the property is used.

(b) For purposes of the apportionment of fire state aid under section 69.021, subdivision 7, the county auditor shall include on the abstract of assessment of exempt real property filed under this section, the total number of acres of all natural resources lands for which in lieu payments are made under sections 477A.11 to 477A.14. The assessor

shall estimate its market value, provided that if the assessor is not able to estimate the market value of the land on a per parcel basis, the assessor shall furnish the commissioner of revenue with an estimate of the average value per acre of this land within the county.

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

Sec. 33. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town board of a town, or the council or other governing body of a city, is the board of appeal and equalization except (1) in cities whose charters provide for a board of equalization or (2) in any city or town that has transferred its local board of review power and duties to the county board as provided in subdivision 3. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. Notwithstanding any law or city charter to the contrary, a city board of equalization shall be referred to as a board of appeal and equalization. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting.

The board shall meet at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board has adjourned in those cities or towns that hold a local board of review; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period in those cities or towns that hold a local board of review must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just. The board may not make an individual market value adjustment or classification change that would benefit the property if the owner or other person having control over the property has refused the assessor access to inspect the property and the interior of any buildings or structures as provided in section 273.20. A board member shall not participate in any actions of the board which result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage.

(c) A local board may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board without regard to the one percent limitation.

(d) A local board does not have authority to grant an exemption or to order property removed from the tax rolls.

(e) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, ~~with the assessment books and papers,~~ and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, ~~on a form appended to the assessment book,~~ all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, ~~placed opposite the item.~~ The county assessor shall enter all changes made by the board ~~in the assessment book.~~

(f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of appeal and equalization for a review ~~of the assessment or classification.~~ This paragraph does not apply if an assessment was made after the local board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board meeting.

(g) The local board must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board file written objections to an assessment or classification with the county assessor. The objections must be presented to the board at its meeting by the county assessor for its consideration.

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

Sec. 34. Minnesota Statutes 2012, section 274.01, subdivision 2, is amended to read:

Subd. 2. **Special board; duties delegated.** The governing body of a city, ~~including a city whose charter provides for a board of equalization,~~ may appoint a special board of review. The city may delegate to the special board of review all of the powers and duties in subdivision 1. The special board of review shall serve at the direction and discretion of the appointing body, subject to the restrictions imposed by law. The appointing body shall determine the number of members of the board, the compensation and expenses to be paid, and the term of office of each member. At least one member of the special board of review must be an appraiser, realtor, or other person familiar with property valuations in the assessment district.

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

Sec. 35. Minnesota Statutes 2012, section 275.08, subdivision 1a, is amended to read:

Subd. 1a. **Computation of tax capacity.** ~~For taxes payable in 1989, the county auditor shall compute the gross tax capacity for each parcel according to the class rates specified in section 273.13. The gross tax capacity will be the appropriate class rate multiplied by the parcel's market value. For taxes payable in 1990 and subsequent years,~~ The county auditor shall compute the net tax capacity for each parcel according to the class rates specified in section 273.13. The net tax capacity will be the appropriate class rate multiplied by the parcel's market value.

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

Sec. 36. Minnesota Statutes 2012, section 275.08, subdivision 1d, is amended to read:

Subd. 1d. **Additional adjustment.** If, after computing each local government's adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the auditor finds that the total adjusted local tax rate of all local governments combined is ~~less than 90 percent of gross tax capacity for taxes payable in 1989 and~~ 90 percent of

net tax capacity for taxes payable in 1990 and thereafter, the auditor shall increase each local government's adjusted local tax rate proportionately so the total adjusted local tax rate of all local governments combined equals 90 percent. The total amount of the increase in tax resulting from the increased local tax rates must not exceed the amount of disparity aid allocated to the unique taxing district under section 273.1398. The auditor shall certify to the Department of Revenue the difference between the disparity aid originally allocated under section 273.1398, subdivision 3, and the amount necessary to reduce the total adjusted local tax rate of all local governments combined to 90 percent. Each local government's disparity reduction aid payment under section 273.1398, subdivision 6, must be reduced accordingly.

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

Sec. 37. Minnesota Statutes 2013 Supplement, section 275.70, subdivision 5, is amended to read:

Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources, provided that nothing in this subdivision limits the special levy authorized under section 475.755;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota State Armory Building Commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(6) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 2001, or (ii) it is a new matching requirement that did not exist prior to 2002;

(7) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the Emergency Services Division of the state Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;

(8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(9) to pay an abatement under section 469.1815;

(10) to pay any costs attributable to increases in the employer contribution rates under chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

(11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(12) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(13) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative;

~~(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a;~~

~~(15)~~ (14) to fund a firefighters relief association as required under Laws 2013, chapter 111, article 5, sections 31 to 42, to the extent that the required amount exceeds the amount levied for this purpose in 2001;

~~(16)~~ (15) for purposes of a storm sewer improvement district under section 444.20;

~~(17)~~ (16) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11, but not to exceed in any year \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most recent federal census, whichever is greater. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, must be deducted from the levy limit base under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

~~(18)~~ (17) for counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human services grants effective after September 30, 2007;

~~(19)~~ (18) for a city, for the costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by the commissioner of revenue under section 275.74, subdivision 2. A city must have either (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in the city or in a zip code area of the city that is at least 50 percent higher than the average foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate" means the number of foreclosures, as indicated by sheriff sales records, divided by the number of households in the city in 2007;

~~(20) for a city, for the unreimbursed costs of redeployed traffic control agents and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified to the Federal Highway Administration;~~

~~(24)~~ (19) to pay costs attributable to wages and benefits for sheriff, police, and fire personnel. If a local governmental unit did not use this special levy in the previous year its levy limit base under section 275.71 shall be reduced by the amount equal to the amount it levied for the purposes specified in this clause in the previous year;

~~(22)~~ (20) an amount equal to any reductions in the certified aids or credit reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152 or reductions under another provision of law. The amount of the levy allowed under this clause for each year is limited to the amount unallotted or reduced from the aids and credit reimbursements certified for payment in the year following the calendar year in which the tax levy is certified unless the unallotment or reduction amount is not known by September 1 of the levy certification year, and the local government has not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied in the following year;

~~(23)~~ (21) to pay for the difference between one-half of the costs of confining sex offenders undergoing the civil commitment process and any state payments for this purpose pursuant to section 253D.12;

~~(24)~~ (22) for a county to pay the costs of the first year of maintaining and operating a new facility or new expansion, either of which contains courts, corrections, dispatch, criminal investigation labs, or other public safety facilities and for which all or a portion of the funding for the site acquisition, building design, site preparation, construction, and related equipment was issued or authorized prior to the imposition of levy limits in 2008. The levy limit base shall then be increased by an amount equal to the new facility's first full year's operating costs as described in this clause; and

~~(25)~~ (23) for the estimated amount of reduction to market value credit reimbursements under section 273.1384 for credits payable in the year in which the levy is payable.

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

Sec. 38. Minnesota Statutes 2012, section 275.74, subdivision 2, is amended to read:

Subd. 2. **Authorization for special levies.** (a) A local governmental unit may request authorization to levy for unreimbursed costs for natural disasters under section 275.70, subdivision 5, clause (7). The local governmental unit shall submit a request to levy under section 275.70, subdivision 5, clause (7), to the commissioner of revenue by September 30 of the levy year and the request must include information documenting the estimated unreimbursed costs. The commissioner of revenue may grant levy authority, up to the amount requested based on the documentation submitted. All decisions of the commissioner are final.

(b) A city may request authorization to levy for reasonable and necessary costs for securing, maintaining, or demolishing foreclosed or abandoned residential properties under section 275.70, subdivision 5, clause ~~(19)~~ (18). The local governmental unit shall submit a request to levy under section 275.70, subdivision 5, clause ~~(19)~~ (18), to the commissioner of revenue by September 30 of the levy year and the request must include information documenting the estimated costs. For taxes payable in 2009, the amount may include unanticipated costs incurred above the amount budgeted for these purposes in 2008. Costs of securing foreclosed or abandoned residential properties include payment for police and fire department services. The commissioner of revenue may grant levy authority, up to the lesser of (1) the amount requested based on the documentation submitted, or (2) \$3,000 multiplied by the number of foreclosed residential properties, as defined by sheriff sales records, in calendar year 2007. All decisions of the commissioner are final.

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

Sec. 39. Minnesota Statutes 2012, section 275.75, is amended to read:

275.75 CHARTER EXEMPTION FOR AID LOSS.

Notwithstanding any other provision of a municipal charter that limits ad valorem taxes to a lesser amount, or that would require voter approval for any increase, the governing body of a municipality may by resolution increase its levy in any year by an amount equal to its special levies under section 275.70, subdivision 5, clauses ~~(22)~~ and ~~(25)~~ (20) and (23).

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

Sec. 40. Minnesota Statutes 2012, section 279.03, is amended to read:

279.03 INTEREST ON DELINQUENT PROPERTY TAXES.

Subdivision 1. **Rate Interest calculation.** ~~The rate of interest on delinquent property taxes levied in 1979 and prior years is fixed at six percent per year until January 1, 1983. Thereafter interest is payable at the rate determined pursuant to section 549.09. The rate of interest on delinquent property taxes levied in 1980 and subsequent years is the rate determined pursuant to section 549.09. All provisions of law except section 549.09 providing for the calculation of interest at any different rate on delinquent taxes in any notice or proceeding in connection with the payment, collection, sale, or assignment of delinquent taxes, or redemption from such sale or assignment are hereby amended to correspond herewith. Section 549.09 shall continue in force applies with respect to judgments arising out of petitions for review filed pursuant to chapter 278 irrespective of the levy year.~~

~~For property taxes levied in 1980 and prior years, interest is to be calculated at simple interest from the second Monday in May following the year in which the taxes become due until the time that the taxes and penalties are paid, computed on the amount of unpaid taxes, penalties and costs. For property taxes levied in 1981 and subsequent years, interest shall commence on the first day of January following the year in which the taxes become due, but the county treasurer need not calculate interest on unpaid taxes and penalties on the tax list returned to the county auditor pursuant to section 279.01.~~

If interest is payable for a portion of a year, the interest is calculated only for the months that the taxes or penalties remain unpaid, and for this purpose a portion of a month is deemed to be a whole month.

Subd. 1a. **Rate after December 31, 1990.** (a) Except as provided in paragraph (b), interest on delinquent property taxes, penalties, and costs unpaid on or after January 1, 1991, ~~shall be~~ is payable at the per annum rate determined in section 270C.40, subdivision 5. If the rate so determined is less than ten percent, the rate of interest ~~shall be~~ is ten percent. The maximum per annum rate ~~shall be~~ is 14 percent if the rate specified under section 270C.40, subdivision 5, exceeds 14 percent. The rate ~~shall be~~ is subject to change on January 1 of each year.

The judgment shall be entered by the court administrator in a book to be kept by the court administrator, to be called the real estate tax judgment book, and signed by the court administrator. ~~The judgment shall be written out on the left hand pages of the book, leaving the right hand pages blank for the entries in this chapter hereinafter provided; and~~ The same presumption in favor of the regularity and validity of the judgment shall be deemed to exist as in respect to judgments in civil actions in such court, except where taxes have been paid before the entry of judgment, or where the land is exempt from taxation, in which cases the judgment shall be prima facie evidence only of its regularity and validity.

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

Sec. 42. Minnesota Statutes 2012, section 279.23, is amended to read:

279.23 COPY OF JUDGMENT TO COUNTY AUDITOR.

When any real estate tax judgment is entered, the court administrator shall ~~forthwith~~ deliver to the county auditor, ~~in a book to be provided by the auditor,~~ a certified copy of such judgment, ~~which shall be written on the left hand pages of the book, leaving the right hand pages blank.~~

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

Sec. 43. Minnesota Statutes 2012, section 279.25, is amended to read:

279.25 PAYMENT BEFORE JUDGMENT.

Before sale any person may pay the amount adjudged against any parcel of land. If payment is made before entry of judgment, and the delinquent list has been filed with the court administrator, the county auditor shall immediately certify such payment to the court administrator, who shall note the same on such delinquent list; and all proceedings pending against such parcel shall thereupon be discontinued. If payment is made after judgment is entered and before sale, the auditor shall certify such payment to the clerk, who, upon production of such certificate and the payment of a fee of ten cents, shall enter ~~on the right hand page of the real estate tax judgment book, and opposite the description of such parcel,~~ satisfaction of the judgment against the same. The auditor shall make proper records of all payments made under this section.

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

Sec. 44. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is amended to read:

Subd. 2. **Installment payments.** The owner of any such parcel, or any person to whom the right to pay taxes has been given by statute, mortgage, or other agreement, may make and file with the county auditor of the county in which the parcel is located a written offer to pay the current taxes each year before they become delinquent, or to contest the taxes under ~~Minnesota Statutes 1941, sections 278.01 to 278.13~~ chapter 278, and agree to confess judgment for the amount provided, as determined by the county auditor. By filing the offer, the owner waives all irregularities in connection with the tax proceedings affecting the parcel and any defense or objection which the owner may have to the proceedings, and also waives the requirements of any notice of default in the payment of any installment or interest to become due pursuant to the composite judgment to be so entered. Unless the property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current year taxes and penalty due at the time the confession of judgment is entered. In the offer, the owner shall agree to pay the balance in nine equal installments, with interest as

provided in section 279.03, payable annually on installments remaining unpaid from time to time, on or before December 31 of each year following the year in which judgment was confessed. The offer must be substantially as follows:

"To the court administrator of the district court of county, I,, am the owner of the following described parcel of real estate located in county, Minnesota:

..... Upon that real estate there are delinquent taxes for the year, and prior years, as follows: (here insert year of delinquency and the total amount of delinquent taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and any defense or objection which I may have to them, and direct judgment to be entered for the amount stated above, minus the sum of \$....., to be paid with this document, which is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above. I agree to pay the balance of the judgment in nine or four equal, annual installments, with interest as provided in section 279.03, payable annually, on the installments remaining unpaid. I agree to pay the installments and interest on or before December 31 of each year following the year in which this judgment is confessed and current taxes each year before they become delinquent, or within 30 days after the entry of final judgment in proceedings to contest the taxes under ~~Minnesota Statutes, sections 278.01 to 278.13~~ chapter 278.

Dated,"

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

Sec. 45. Minnesota Statutes 2012, section 280.001, is amended to read:

280.001 PUBLIC SALES, AUDITOR'S CERTIFICATES ABOLISHED.

~~Effective the second Monday in May 1974, and each year thereafter,~~ No parcel of land against which judgment has been entered and remains unsatisfied for the taxes of the preceding year or years may be sold at public vendue as provided in sections 280.01 and 280.02 by the county auditor but shall be treated in the same manner and regarded in all respects as land bid in for the state by the auditor in the manner provided in section 280.02. No notice of sale required by section 280.01 shall be published or posted ~~in 1974 and in years thereafter,~~ and no auditor's certificate authorized by section 280.03 shall be issued ~~on the second Monday in May 1974, or thereafter.~~

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

Sec. 46. Minnesota Statutes 2012, section 280.03, is amended to read:

280.03 CERTIFICATE OF SALE.

The county auditor shall execute to the purchaser of each parcel a certificate which may be substantially in the following form:

"I,, auditor of the county of, state of Minnesota, do hereby certify that at the sale of lands pursuant to the real estate tax judgment entered in the district court in the county of, on the day of,, in proceedings to enforce the payment of taxes delinquent on real estate for the years, for the county of, which sale was held at, in said county of, on the day of,, the following described parcel of land, situate in said county of, state of Minnesota: (insert description), was offered for sale to the bidder who should offer to pay the amount for which the same was to be sold, at the lowest annual rate of interest on such amount; and at said sale I did sell the said parcel of land to for the sum of dollars, with interest at percent per annum on such amount, that being the sum for which the same was to be sold,

and such rate of interest being the lowest rate percent per annum bid on such sum; and, the sum having been paid, I do therefore, in consideration thereof, and pursuant to the statute in such case made and provided, convey the said parcel of land, in fee simple, subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph~~ and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension, to said, and the heirs and assigns of, forever, subject to redemption as provided by law.

Witness my hand and official seal this day of,

.....
County Auditor."

If the land shall not be redeemed as provided in chapter 281, such certificate shall pass to the purchaser an estate therein, in fee simple, without any other act or deed whatever subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph~~, and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such certificate may be recorded, after the time for redemption shall have expired, as other deeds of real estate, and with like effect. If any purchaser at such sale shall purchase more than one parcel, the auditor shall issue to the purchaser a certificate for each parcel so purchased.

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

Sec. 47. Minnesota Statutes 2012, section 280.07, is amended to read:

280.07 ENTRIES IN JUDGMENT BOOKS AFTER SALE.

Immediately after such sale the county auditor shall ~~set out in the copy judgment book~~ record that all parcels were bid in for the state. The county auditor shall thereupon ~~deliver such book to~~ notify the court administrator, ~~who shall forthwith enter on the right hand page of the real estate tax judgment book, opposite the description of each parcel sold, the words "bid in for the state," and thereupon redeliver the copy judgment book to the auditor.~~ Upon redemption the auditor shall ~~make a note thereon in the copy judgment book, opposite the parcel redeemed.~~

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

Sec. 48. Minnesota Statutes 2012, section 280.11, is amended to read:

280.11 LANDS BID IN FOR STATE.

At any time after any parcel of land has been bid in for the state, the same not having been redeemed, the county auditor shall assign and convey the same, and all the right of the state therein acquired at such sale, to any person who shall pay the amount for which the same was bid in, with interest at the rate of 12 percent per annum, and the amount of all subsequent delinquent taxes, penalties, costs, and interest at such rate upon the same from the time when such taxes became delinquent. The county auditor shall execute to such person a certificate for such parcel, which may be substantially in the following form:

"I,, auditor of the county of, state of Minnesota, do hereby certify that at the sale of lands pursuant to the real estate tax judgment entered in the district court in the county of, on the day of,, in proceedings to enforce the payment of taxes delinquent upon real estate for the years for the county of, which sale was held at, in said county of, on the day of,, the following described parcel of land, situate in said county of, state of Minnesota: (insert description), was duly offered for sale; and, no one bidding upon such offer an amount equal to that for which the parcel was subject to be sold, the

same was then bid in for the state at such amount, being the sum of dollars; and the same still remaining unredeemed, and on this day having paid into the treasury of the county the amount for which the same was so bid in, and all subsequent delinquent taxes, penalties, costs, and interest, amounting in all to dollars, therefore, in consideration thereof, and pursuant to the statute in such case made and provided, I do hereby assign and convey this parcel of land, in fee simple, subject to easements and restrictions of record at the date of the tax judgment sale, including but without limitation, permits for telephone, ~~telegraph~~, and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension, with all the right, title and interest of the state acquired therein at such sale to, and the heirs and assigns of, forever, subject to redemption as provided by law.

Witness my hand and official seal this day of,

.....
County Auditor."

If the land shall not be redeemed, as provided in chapter 281, such certificate shall pass to the purchaser or assignee an estate therein, in fee simple, without any other act or deed whatever subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph~~ and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension. Such certificate or conveyance may be recorded, after the time for redemption shall have expired, as other deeds of real estate, and with like effect. No assignment of the right of the state shall be given pursuant to this section ~~after January 1, 1972~~.

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

Sec. 49. Minnesota Statutes 2012, section 281.03, is amended to read:

281.03 AUDITOR'S CERTIFICATE.

The county auditor shall certify to the amount due on such redemption, and, on payment of the same to the county treasurer, shall make duplicate receipts for the certified amount, describing the property redeemed, one of which shall be filed with the auditor. Such receipts shall be governed by the provisions of this chapter regulating the payment of current taxes and such payment shall have the effect to annul the sale. If the amount certified by the auditor and received in payment for redemption be less than that required by law, it shall not invalidate the redemption. On redemption being made, the auditor shall ~~enter upon the copy of the tax judgment book, opposite the description of record the parcel as redeemed, the word, "redeemed."~~

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

Sec. 50. Minnesota Statutes 2013 Supplement, section 281.17, is amended to read:

281.17 PERIOD FOR REDEMPTION.

Except for properties for which the period of redemption has been limited under sections 281.173 and 281.174, the following periods for redemption apply.

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is three years from the date of sale. The period of redemption for all lands located in a targeted

neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, except ~~(1) homesteaded lands as defined in section 273.13, subdivision 22, and (2) for periods of redemption beginning after June 30, 1991, but before July 1, 1996, lands located in the Loring Park targeted neighborhood on which a notice of lis pendens has been served, and sold to the state at a tax judgment sale~~ is one year from the date of sale.

The period of redemption for all real property constituting a mixed municipal solid waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is one year from the date of the sale to the state of Minnesota.

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

Sec. 51. Minnesota Statutes 2012, section 281.327, is amended to read:

281.327 CANCELLATION OF CERTIFICATE UPON JUDICIAL ORDER.

Upon the petition of any person interested in the land covered by a real estate tax sale certificate, state assignment certificate, or forfeited tax sale certificate and, upon the giving of such notice to the holder of such certificate as may be ordered, the district court, in the proceedings resulting in the judgment upon which a real estate tax judgment sale certificate, state assignment certificate, or forfeited tax sale certificate is based, may order the cancellation of a real estate tax judgment sale certificate, state assignment certificate, or forfeited tax sale certificate upon which notice of expiration of time of redemption has been issued when the certificate or a deed issued thereon has not been recorded in the office of the county recorder or filed in that of the registrar of titles, if the land is registered, within seven years after the date of the issuance of such certificate; the county auditor, on the filing of the order, shall ~~make an entry in the proper copy real estate tax judgment book, opposite the description of the land, "canceled by order of court"~~ record the land as canceled by order of court; and the rights of the holder under the certificate shall thereupon be terminated of record in the office of the county auditor.

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

Sec. 52. Minnesota Statutes 2012, section 282.01, subdivision 6, is amended to read:

Subd. 6. **Duties of commissioner after sale.** When any sale has been made by the county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the commissioner of revenue such information relating to such sale, on such forms as the commissioner of revenue may prescribe as will enable the commissioner of revenue to prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is on terms; and not later than October 31 of each year the county auditor shall submit to the commissioner of revenue a statement of all instances wherein any payment of principal, interest, or current taxes on lands held under certificate, due or to be paid during the preceding calendar years, are still outstanding at the time such certificate is made. When such statement shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue may instruct the county board of the county in which the land is located to cancel said certificate of sale in the manner provided by subdivision 5, provided that upon recommendation of the county board, and where the circumstances are such that the commissioner of revenue after investigation is satisfied that the purchaser has made every effort reasonable to make payment of both the annual installment and said taxes, and that there has been no willful neglect on the part of the purchaser in meeting these obligations, then the commissioner of revenue may extend the time for the payment for such period as the commissioner may deem warranted, not to exceed one year. On payment in full of the purchase price, appropriate conveyance in fee, in such form as may be prescribed by the attorney general, shall be issued by the commissioner of revenue, which conveyance must be recorded by the county and shall have the force and effect of a patent from the state subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone, ~~telegraph,~~ and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

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

Sec. 53. Minnesota Statutes 2012, section 282.04, subdivision 4, is amended to read:

Subd. 4. **Easements.** The county auditor, when and for such price and on such terms and for such period as the county board prescribes, may grant easements or permits on unsold tax-forfeited land for telephone, ~~telegraph,~~ and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, recreational trails, railroads, and pipe lines for gas, liquids, or solids in suspension. Any such easement or permit may be canceled by resolution of the county board after reasonable notice for any substantial breach of its terms or if at any time its continuance will conflict with public use of the land, or any part thereof, on which it is granted. Land affected by any such easement or permit may be sold or leased for mineral or other legal purpose, but sale or lease shall be subject to the easement or permit, and all rights granted by the easement or permit shall be excepted from the conveyance or lease of the land and be reserved, and may be canceled by the county board in the same manner and for the same reasons as it could have been canceled before sale and in that case the rights granted thereby shall vest in the state in trust as the land on which it was granted was held before sale or lease. Any easement or permit granted before passage of Laws 1951, Chapter 203, may be governed thereby if the holder thereof and county board so agree. Reasonable notice as used in this subdivision, means a 90-day written notice addressed to the record owner of the easement at the last known address, and upon cancellation the county board may grant extensions of time to vacate the premises affected.

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

Sec. 54. Minnesota Statutes 2012, section 282.261, subdivision 2, is amended to read:

Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved by the county board ~~on or after July 1, 1982,~~ is subject to interest at the rate determined ~~pursuant to section 549.09. Repurchase contracts approved after December 31, 1990, are subject to interest at the rate determined~~ in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 ~~or 279.03, subdivision 1a, whichever is applicable. Interest on the unpaid contract balance on repurchases approved before July 1, 1982, is payable at the rate applicable to the repurchase contract at the time that it was approved.~~

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

Sec. 55. Minnesota Statutes 2012, section 282.261, subdivision 4, is amended to read:

Subd. 4. **Service fee.** The county auditor may collect a service fee to cover administrative costs as set by the county board for each repurchase application ~~received after July 1, 1985.~~ The fee must be paid at the time of application and must be credited to the county general revenue fund.

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

Sec. 56. Minnesota Statutes 2012, section 282.261, subdivision 5, is amended to read:

Subd. 5. **County may impose conditions of repurchase.** The county auditor, after receiving county board approval, may impose conditions on repurchase of tax-forfeited lands limiting the use of the parcel subject to the repurchase, including, but not limited to, environmental remediation action plan restrictions or covenants, or easements for lines or equipment for telephone, ~~telegraph,~~ electric power, or telecommunications.

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

Sec. 57. Minnesota Statutes 2012, section 282.322, is amended to read:

282.322 FORFEITED LANDS LIST.

The county board of any county may ~~at any time after the passage of Laws 1945, chapter 296,~~ file a list of forfeited lands with the county auditor, if the board is of the opinion that such lands may be acquired by the state or any municipal subdivision thereof for public purposes. Upon the filing of such list the county auditor shall withhold said lands from repurchase. If no proceeding shall be started to acquire such lands by the state or some municipal subdivision thereof within one year after the filing of such list the county board shall withdraw said list and thereafter the owner shall have one year in which to repurchase ~~as otherwise provided in Laws 1945, chapter 296.~~

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

Sec. 58. Minnesota Statutes 2012, section 287.30, is amended to read:

287.30 COUNTY TREASURER; DUTIES.

~~The care of documentary stamps entrusted to county treasurers and the~~ duties imposed upon county treasurers by this chapter are within the duties of such office and are within the coverage of any official bond delivered to the state, conditioned that any such officer shall faithfully execute the duties of office. The county board may by resolution require the county auditor to perform any duty imposed on the county treasurer under this chapter.

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

Sec. 59. Minnesota Statutes 2012, section 289A.25, subdivision 1, is amended to read:

Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax. For individuals, the term "estimated tax" means the amount the taxpayer estimates is the sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations, and partnerships, the term estimated tax means the amount the taxpayer estimates is the sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent person, the payments must be made by the individual's guardian. If joint payments on estimated tax are made but a joint return is not made for the taxable year, the estimated tax for that year may be treated as the estimated tax of either the husband or the wife or may be divided between them.

~~Notwithstanding the provisions of this section, no payments of estimated tax are required if the estimated tax, as defined in this subdivision, less the credits allowed against the tax, is less than \$500.~~

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

Sec. 60. Minnesota Statutes 2012, section 290.01, subdivision 5, is amended to read:

Subd. 5. **Domestic corporation.** The term "domestic" when applied to a corporation means a corporation:

(1) created or organized in the United States, or under the laws of the United States or of any state, the District of Columbia, or any political subdivision of any of the foregoing but not including the Commonwealth of Puerto Rico, or any possession of the United States; or

(2) which qualifies as a DISC, as defined in section 992(a) of the Internal Revenue Code; ~~or.~~

~~(3) which qualifies as a FSC, as defined in section 922 of the Internal Revenue Code.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 61. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the work opportunity credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

~~(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:~~

~~(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and~~

~~(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;~~

~~(5)~~ (4) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

~~(6)~~ (5) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

~~(7)~~ (6) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a reasonable allowance for depletion based on actual cost.

In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

~~(8)~~ (7) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

~~(9)~~ (8) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under subdivision 19c, clause (1), in a prior taxable year;

~~(40)~~ (9) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

~~(44)~~ (10) the amount of disability access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

~~(42)~~ (11) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068;

~~(43)~~ (12) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

~~(44)~~ (13) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

~~(45)~~ (14) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (12), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause (12). The resulting delayed depreciation cannot be less than zero;

~~(46)~~ (15) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (13), an amount equal to one-fifth of the amount of the addition;

~~(47)~~ (16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under subdivision 19c, clause (16); and

~~(48)~~ (17) the amount of expenses not allowed for federal income tax purposes due to claiming the railroad track maintenance credit under section 45G(a) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 62. Minnesota Statutes 2012, section 290.01, subdivision 19f, is amended to read:

Subd. 19f. **Basis modifications affecting gain or loss on disposition of property.** (a) For individuals, estates, and trusts, the basis of property is its adjusted basis for federal income tax purposes except as set forth in paragraphs ~~(e) and (f), (g), and (m)~~. For corporations, the basis of property is its adjusted basis for federal income tax purposes, without regard to the time when the property became subject to tax under this chapter or to whether out-of-state losses or items of tax preference with respect to the property were not deductible under this chapter, except that the modifications to the basis for federal income tax purposes set forth in paragraphs (b) to ~~(h)~~ (i) are allowed to corporations, and the resulting modifications to federal taxable income must be made in the year in which gain or loss on the sale or other disposition of property is recognized.

(b) The basis of property shall not be reduced to reflect federal investment tax credit.

~~(c) The basis of property subject to the accelerated cost recovery system under section 168 of the Internal Revenue Code shall be modified to reflect the modifications in depreciation with respect to the property provided for in subdivision 19e. For certified pollution control facilities for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, the basis of the property must be increased by the amount of the amortization deduction not previously allowed under this chapter.~~

~~(d)~~ For property acquired before January 1, 1933, the basis for computing a gain is the fair market value of the property as of that date. The basis for determining a loss is the cost of the property to the taxpayer less any depreciation, amortization, or depletion, actually sustained before that date. If the adjusted cost exceeds the fair market value of the property, then the basis is the adjusted cost regardless of whether there is a gain or loss.

~~(e)~~ (d) The basis is reduced by the allowance for amortization of bond premium if an election to amortize was made pursuant to Minnesota Statutes 1986, section 290.09, subdivision 13, and the allowance could have been deducted by the taxpayer under this chapter during the period of the taxpayer's ownership of the property.

~~(f)~~ (e) For assets placed in service before January 1, 1987, corporations, partnerships, or individuals engaged in the business of mining ores other than iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

~~(g)~~ (f) For assets placed in service before January 1, 1990, corporations, partnerships, or individuals engaged in the business of mining iron ore or taconite concentrates subject to the occupation tax under chapter 298 must use the occupation tax basis of property used in that business.

~~(h)~~ (g) In applying the provisions of sections 301(c)(3)(B), 312(f) and (g), and 316(a)(1) of the Internal Revenue Code, the dates December 31, 1932, and January 1, 1933, shall be substituted for February 28, 1913, and March 1, 1913, respectively.

~~(i)~~ (h) In applying the provisions of section 362(a) and (c) of the Internal Revenue Code, the date December 31, 1956, shall be substituted for June 22, 1954.

~~(j)~~ (i) The basis of property shall be increased by the amount of intangible drilling costs not previously allowed due to differences between this chapter and the Internal Revenue Code.

~~(k)~~ (j) The adjusted basis of any corporate partner's interest in a partnership is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (b) to ~~(j)~~ (i). The adjusted basis of a partnership in which the partner is an individual, estate, or trust is the same as the adjusted basis for federal income tax purposes modified as required to reflect the basis modifications set forth in paragraphs (e) and (f) ~~and (g)~~.

(k) The modifications contained in paragraphs (b) to (i) also apply to the basis of property that is determined by reference to the basis of the same property in the hands of a different taxpayer or by reference to the basis of different property.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 63. Minnesota Statutes 2012, section 290.01, subdivision 29, is amended to read:

Subd. 29. **Taxable income.** The term "taxable income" means:

- (1) for individuals, estates, and trusts, the same as taxable net income;
- (2) for corporations, the taxable net income less
 - (i) the net operating loss deduction under section 290.095;
 - (ii) the dividends received deduction under section 290.21, subdivision 4; and
 - (iii) the exemption for operating in a job opportunity building zone under section 469.317; ~~and,~~
 - (iv) ~~the exemption for operating in a biotechnology and health sciences industry zone under section 469.337.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 64. Minnesota Statutes 2012, section 290.015, subdivision 1, is amended to read:

Subdivision 1. **General rule.** (a) Except as provided in subdivision 3, a person that conducts a trade or business that has a place of business in this state, regularly has employees or independent contractors conducting business activities on its behalf in this state, or owns or leases real property that is located in this state or tangible personal property, including but not limited to mobile property, that is present in this state is subject to the taxes imposed by this chapter.

(b) Except as provided in subdivision 3, a person that conducts a trade or business not described in paragraph (a) is subject to the taxes imposed by this chapter if the trade or business obtains or regularly solicits business from within this state, without regard to physical presence in this state.

(c) For purposes of paragraph (b), business from within this state includes, but is not limited to:

- (1) sales of products or services of any kind or nature to customers in this state who receive the product or service in this state;
- (2) sales of services which are performed from outside this state but the services are received in this state;
- (3) transactions with customers in this state that involve intangible property and result in receipts attributed to this state as provided in section 290.191, subdivision 5 or 6;
- (4) leases of tangible personal property that is located in this state as defined in section 290.191, subdivision 5, paragraph (g), or 6, paragraph (e); and
- (5) sales and leases of real property located in this state.

(d) For purposes of paragraph (b), solicitation includes, but is not limited to:

(1) the distribution, by mail or otherwise, without regard to the state from which such distribution originated or in which the materials were prepared, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;

(2) display of advertisements on billboards or other outdoor advertising in this state;

(3) advertisements in newspapers published in this state;

(4) advertisements in trade journals or other periodicals, the circulation of which is primarily within this state;

(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition of which this state is included of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;

(6) advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota, but which is sold over the counter in Minnesota or by subscription to Minnesota residents;

(7) advertisements broadcast on a radio or television station located in Minnesota; or

(8) any other solicitation by ~~telegraph~~, telephone, computer database, cable, optic, microwave, or other communication system.

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

Sec. 65. Minnesota Statutes 2012, section 290.07, subdivision 1, is amended to read:

Subdivision 1. **Annual accounting period.** Net income and taxable net income shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer has no annual accounting period, or has one other than a fiscal year, ~~as heretofore defined~~, the net income and taxable net income shall be computed on the basis of the calendar year. Taxpayers shall employ the same accounting period on which they report, or would be required to report, their net income under the Internal Revenue Code. The commissioner shall provide by rule for the determination of the accounting period for taxpayers who file a combined report under section 290.17, subdivision 4, when members of the group use different accounting periods for federal income tax purposes. ~~Unless the taxpayer changes its accounting period for federal purposes, the due date of the return is not changed.~~

~~A taxpayer may change accounting periods only with the consent of the commissioner. In case of any such change, the taxpayer shall pay a tax for the period not included in either the taxpayer's former or newly adopted taxable year, computed as provided in section 290.32.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 66. Minnesota Statutes 2012, section 290.07, subdivision 2, is amended to read:

Subd. 2. **Accounting methods.** Except as specifically provided to the contrary by this chapter, net income and taxable net income shall be computed in accordance with the method of accounting regularly employed in keeping the taxpayer's books. If no such accounting system has been regularly employed, or if that employed does not clearly or fairly reflect income or the income taxable under this chapter, the computation shall be made in accordance with such method as in the opinion of the commissioner does clearly and fairly reflect income and the income taxable under this chapter.

~~Except as otherwise expressly provided in this chapter, a taxpayer who changes the method of accounting for regularly computing the taxpayer's income in keeping books shall, before computing net income and taxable net income under the new method, secure the consent of the commissioner.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 67. Minnesota Statutes 2013 Supplement, section 290.0921, subdivision 3, is amended to read:

Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

~~(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c).~~

~~For taxable years beginning after December 31, 2000, the amount of any remaining modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation allowance in the first taxable year after December 31, 2000.~~

~~(2) (1)~~ The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.01, subdivision 19c, clause (12), is disallowed in determining alternative minimum taxable income.

~~(3) (2)~~ The subtraction for depreciation allowed under section 290.01, subdivision 19d, clause ~~(15)~~ (14), is allowed as a depreciation deduction in determining alternative minimum taxable income.

~~(4) (3)~~ The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

~~(5) (4)~~ The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

~~(6) (5)~~ The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

~~(7) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to subparagraph (E) and the subtraction under section 290.01, subdivision 19d, clause (4).~~

~~(8) (6)~~ The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

~~(9) (7)~~ The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

~~(10) For purposes of calculating the tax preference for accelerated depreciation or amortization on certain property placed in service before January 1, 1987, under section 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the deduction allowed under section 290.01, subdivision 19e.~~

~~For taxable years beginning after December 31, 2000, the amount of any remaining modification made under section 290.01, subdivision 19e, not previously deducted is a depreciation or amortization allowance in the first taxable year after December 31, 2004.~~

~~(11)~~ (8) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

~~(12)~~ (9) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (9).

~~(13)~~ (10) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.

~~(14) Alternative minimum taxable income excludes the income from operating in a biotechnology and health sciences industry zone as provided under section 469.337.~~

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 68. Minnesota Statutes 2012, section 290.0922, subdivision 3, is amended to read:

Subd. 3. **Definitions.** (a) "Minnesota sales or receipts" means the total sales apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the total sales or receipts apportioned or attributed to Minnesota pursuant to any other apportionment formula applicable to the taxpayer.

(b) "Minnesota property" means total Minnesota tangible property as provided in section 290.191, subdivisions 9 to 11, any other tangible property located in Minnesota, but does not include: ~~(1) the property of a qualified business as defined under section 469.310, subdivision 11, that is located in a job opportunity building zone designated under section 469.314 and (2) property of a qualified business located in a biotechnology and health sciences industry zone designated under section 469.334.~~ Intangible property shall not be included in Minnesota property for purposes of this section. Taxpayers who do not utilize tangible property to apportion income shall nevertheless include Minnesota property for purposes of this section. On a return for a short taxable year, the amount of Minnesota property owned, as determined under section 290.191, shall be included in Minnesota property based on a fraction in which the numerator is the number of days in the short taxable year and the denominator is 365.

(c) "Minnesota payrolls" means total Minnesota payrolls as provided in section 290.191, subdivision 12, but does not include: ~~(1) the job opportunity building zone payroll under section 469.310, subdivision 8, of a qualified business as defined under section 469.310, subdivision 11, and (2) biotechnology and health sciences industry zone payrolls under section 469.330, subdivision 8.~~ Taxpayers who do not utilize payrolls to apportion income shall nevertheless include Minnesota payrolls for purposes of this section.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 69. Minnesota Statutes 2012, section 290.095, subdivision 3, is amended to read:

Subd. 3. **Carryover.** (a) A net operating loss incurred ~~in a~~ during the taxable year: ~~(i) beginning after December 31, 1986,~~ shall be a net operating loss carryover to each of the 15 taxable years following the taxable year of such loss; ~~(ii) beginning before January 1, 1987, shall be a net operating loss carryover to each of the five taxable years following the taxable year of such loss subject to the provisions of Minnesota Statutes 1986, section 290.095;~~ and ~~(iii) beginning before January 1, 1987, shall be a net operating loss carryback to each of the three taxable years preceding the loss year subject to the provisions of Minnesota Statutes 1986, section 290.095.~~

(b) The entire amount of the net operating loss for any taxable year shall be carried to the earliest of the taxable years to which such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable net income, adjusted by the modifications specified in subdivision 4, for each of the taxable years to which such loss may be carried.

(c) Where a corporation apportions its income under the provisions of section 290.191, the net operating loss deduction incurred in any taxable year shall be allowed to the extent of the apportionment ratio of the loss year.

(d) The provisions of sections 381, 382, and 384 of the Internal Revenue Code apply to carryovers in certain corporate acquisitions and special limitations on net operating loss carryovers. The limitation amount determined under section 382 shall be applied to net income, before apportionment, in each post change year to which a loss is carried.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 70. Minnesota Statutes 2013 Supplement, section 290.191, subdivision 5, is amended to read:

Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules apply in determining the sales factor.

(a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary course of the business, except that the following types of income are not included in the sales factor:

- (1) interest;
- (2) dividends;
- (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;
- (4) sales of property used in the trade or business, except sales of leased property of a type which is regularly sold as well as leased; and
- (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue Code or sales of stock.

(b) Sales of tangible personal property are made within this state if the property is received by a purchaser at a point within this state, ~~and the taxpayer is taxable in this state,~~ regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination of the property.

(c) Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.

(d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state.

(e) Sales made by or through a corporation that is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code are not considered to have been made within this state.

(f) Sales, rents, royalties, and other income in connection with real property is attributed to the state in which the property is located.

(g) Receipts from the lease or rental of tangible personal property, including finance leases and true leases, must be attributed to this state if the property is located in this state and to other states if the property is not located in this state. Receipts from the lease or rental of moving property including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts factor to the extent that the property is used in this state. The extent of the use of moving property is determined as follows:

(1) A motor vehicle is used wholly in the state in which it is registered.

(2) The extent that rolling stock is used in this state is determined by multiplying the receipts from the lease or rental of the rolling stock by a fraction, the numerator of which is the miles traveled within this state by the leased or rented rolling stock and the denominator of which is the total miles traveled by the leased or rented rolling stock.

(3) The extent that an aircraft is used in this state is determined by multiplying the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this state and the denominator of which is the total number of landings of the aircraft.

(4) The extent that a vessel, mobile equipment, or other mobile property is used in the state is determined by multiplying the receipts from the lease or rental of the property by a fraction, the numerator of which is the number of days during the taxable year the property was in this state and the denominator of which is the total days in the taxable year.

(h) Royalties and other income received for the use of or for the privilege of using intangible property, including patents, know-how, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or similar items, must be attributed to the state in which the property is used by the purchaser. If the property is used in more than one state, the royalties or other income must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the royalties or other income must be excluded from both the numerator and the denominator. Intangible property is used in this state if the purchaser uses the intangible property or the rights therein in the regular course of its business operations in this state, regardless of the location of the purchaser's customers.

(i) Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the regular course of its business operations in this state.

(j) Receipts from the performance of services must be attributed to the state where the services are received. For the purposes of this section, receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where it has a fixed place of doing business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of doing business, the services shall be deemed to be received at the location of the

office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed.

(k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from management, distribution, or administrative services performed by a corporation or trust for a fund of a corporation or trust regulated under United States Code, title 15, sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of the fund resides. Under this paragraph, receipts for services attributed to shareholders are determined on the basis of the ratio of: (1) the average of the outstanding shares in the fund owned by shareholders residing within Minnesota at the beginning and end of each year; and (2) the average of the total number of outstanding shares in the fund at the beginning and end of each year. Residence of the shareholder, in the case of an individual, is determined by the mailing address furnished by the shareholder to the fund. Residence of the shareholder, when the shares are held by an insurance company as a depositor for the insurance company policyholders, is the mailing address of the policyholders. In the case of an insurance company holding the shares as a depositor for the insurance company policyholders, if the mailing address of the policyholders cannot be determined by the taxpayer, the receipts must be excluded from both the numerator and denominator. Residence of other shareholders is the mailing address of the shareholder.

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

Sec. 71. Minnesota Statutes 2012, section 290.9728, subdivision 2, is amended to read:

Subd. 2. **Taxable income.** For purposes of this section, taxable income means the lesser of:

(1) the amount of the net capital gain of the S corporation for the taxable year, as determined under sections 1222 and 1374 of the Internal Revenue Code, and subject to the modifications provided in section 290.01, ~~subdivisions 19e and~~ subdivision 19f, in excess of \$25,000 that is allocable to this state under section 290.17, 290.191, or 290.20; or

(2) the amount of the S corporation's federal taxable income, subject to the provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under section 290.17, 290.191, or 290.20.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2013.

Sec. 72. Minnesota Statutes 2013 Supplement, section 297A.61, subdivision 3, as amended by Laws 2014, chapter 150, article 2, section 1, is amended to read:

Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to, each of the transactions listed in this subdivision. In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include the taxable services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

(b) Sale and purchase include:

(1) any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, for a consideration in money or by exchange or barter; and

(2) the leasing of or the granting of a license to use or consume, for a consideration in money or by exchange or barter, tangible personal property, other than a manufactured home used for residential purposes for a continuous period of 30 days or more.

(c) Sale and purchase include the production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing.

(d) Sale and purchase include the preparing for a consideration of food. Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

(1) prepared food sold by the retailer;

(2) soft drinks;

(3) candy;

(4) dietary supplements; and

(5) all food sold through vending machines.

(e) A sale and a purchase includes the furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state.

(f) A sale and a purchase includes the transfer for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise.

(g) A sale and a purchase includes the furnishing for a consideration of the following services:

(1) the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, ~~Turkish baths~~, health clubs, and spas or athletic facilities;

(2) lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice and including accommodations intermediary services provided in connection with other services provided under this clause;

(3) nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(4) the granting of membership in a club, association, or other organization if:

(i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and

(ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar athletic or sports facilities;

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction; and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block. For purposes of this clause, "road construction" means construction of:

(i) public roads;

(ii) cartways; and

(iii) private roads in townships located outside of the seven-county metropolitan area up to the point of the emergency response location sign; and

(6) services as provided in this clause:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting services and pest control and exterminating services;

(iv) detective, security, burglar, fire alarm, and armored car services; but not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit organization or any organization at the direction of a county for monitoring and electronic surveillance of persons placed on in-home detention pursuant to court order or under the direction of the Minnesota Department of Corrections;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(viii) the furnishing of lodging, board, and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

(h) A sale and a purchase includes the furnishing for a consideration of tangible personal property or taxable services by the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

(i) A sale and a purchase includes the furnishing for a consideration of telecommunications services, ancillary services associated with telecommunication services, and pay television services. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

(j) A sale and a purchase includes the furnishing for a consideration of installation if the installation charges would be subject to the sales tax if the installation were provided by the seller of the item being installed.

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02, subdivision 11.

(l) A sale and a purchase includes furnishing for a consideration of specified digital products or other digital products or granting the right for a consideration to use specified digital products or other digital products on a temporary or permanent basis and regardless of whether the purchaser is required to make continued payments for such right. Wherever the term "tangible personal property" is used in this chapter, other than in subdivisions 10 and 38, the provisions also apply to specified digital products, or other digital products, unless specifically provided otherwise or the context indicates otherwise.

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

Sec. 73. Minnesota Statutes 2012, section 297A.70, subdivision 10, is amended to read:

Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event are exempt if all the gross receipts are recorded as such, in accordance with generally accepted accounting principles, on the books of one or more organizations whose primary mission is to provide an opportunity for citizens of the state to participate in the creation, performance, or appreciation of the arts, and provided that each organization is:

(1) an organization described in section 501(c)(3) of the Internal Revenue Code in which voluntary contributions make up at least ~~the following~~ five percent of the organization's annual revenue in its most recently completed 12-month fiscal year, or in the current year if the organization has not completed a 12-month fiscal year;

~~(i) for sales made after July 31, 2001, and before July 1, 2002, for the organization's fiscal year completed in calendar year 2000, three percent;~~

~~(ii) for sales made on or after July 1, 2002, and on or before June 30, 2003, for the organization's fiscal year completed in calendar year 2001, three percent;~~

~~(iii) for sales made on or after July 1, 2003, and on or before June 30, 2004, for the organization's fiscal year completed in calendar year 2002, four percent; and~~

~~(iv) for sales made in each 12-month period, beginning on July 1, 2004, and each subsequent year, for the organization's fiscal year completed in the preceding calendar year, five percent;~~

(2) a municipal board that promotes cultural and arts activities; or

(3) the University of Minnesota, a state college and university, or a private nonprofit college or university provided that the event is held at a facility owned by the educational institution holding the event.

The exemption only applies if the entire proceeds, after reasonable expenses, are used solely to provide opportunities for citizens of the state to participate in the creation, performance, or appreciation of the arts.

(b) Tickets or admissions to the premises of the Minnesota Zoological Garden are exempt, provided that the exemption under this paragraph does not apply to tickets or admissions to performances or events held on the premises unless the performance or event is sponsored and conducted exclusively by the Minnesota Zoological Board or employees of the Minnesota Zoological Garden.

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

Sec. 74. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 1, is amended to read:

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

- (1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- (4) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- ~~(6) building materials for the Long Lake Conservation Center exempt under section 297A.71, subdivision 17;~~
- ~~(7) (6)~~ materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
- ~~(8) (7)~~ materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;
- ~~(9) (8)~~ equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;
- ~~(10) (9)~~ commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);
- ~~(11) (10)~~ materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;
- ~~(12) materials, supplies, and equipment for construction or improvement of a meat processing facility exempt under section 297A.71, subdivision 41;~~
- ~~(13) (11)~~ materials, supplies, and equipment for construction, improvement, or expansion of:
 - (i) an aerospace defense manufacturing facility exempt under section 297A.71, subdivision 42;

- (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;
- (iii) a research and development facility exempt under section 297A.71, subdivision 46; and
- (iv) an industrial measurement manufacturing and controls facility exempt under section 297A.71, subdivision 47;
- ~~(14)~~ (12) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;
- ~~(15)~~ (13) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44;
- ~~(16)~~ (14) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c); and
- ~~(17)~~ (15) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44.

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

Sec. 75. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 2, is amended to read:

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

- (1) for subdivision 1, clauses (1), (2), and ~~(16)~~ (14), the applicant must be the purchaser;
- (2) for subdivision 1, ~~clauses clause (3) and (6)~~, the applicant must be the governmental subdivision;
- (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;
- (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;
- (5) for subdivision 1, clause ~~(7)~~ (6), the owner of the qualified low-income housing project;
- (6) for subdivision 1, clause ~~(8)~~ (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;
- (7) for subdivision 1, clauses ~~(9), (12), (13), (14)~~ (8), (11), (12), and ~~(17)~~ (15), the owner of the qualifying business; and
- (8) for subdivision 1, clauses (9), (10), ~~(11)~~, and ~~(15)~~ (13), the applicant must be the governmental entity that owns or contracts for the project or facility.

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

Sec. 76. Minnesota Statutes 2013 Supplement, section 297A.75, subdivision 3, is amended to read:

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

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

~~(e) Total refunds for purchases of items in section 297A.71, subdivision 40, must not exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71, subdivision 40, must not be filed until after June 30, 2009.~~

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

Sec. 77. Minnesota Statutes 2012, 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) 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.

~~(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and For fiscal year 2004 and thereafter, 72.43 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.

(f) The revenue dedicated under paragraph (e) 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 (e) 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 (e) must be allocated for field operations.

(g) The revenues deposited under paragraphs (a) to (f) 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.

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

Sec. 78. Minnesota Statutes 2012, section 297B.09, is amended to read:

297B.09 ALLOCATION OF REVENUE.

Subdivision 1. **Deposit of revenues.** (a) Money collected and received under this chapter must be deposited as provided in this subdivision.

~~(b) From July 1, 2007, through June 30, 2008, 38.25 percent of the money collected and received must be deposited in the highway user tax distribution fund, 24 percent must be deposited in the metropolitan area transit account under section 16A.88, and 1.5 percent must be deposited in the greater Minnesota transit account under section 16A.88. The remaining money must be deposited in the general fund.~~

~~(c) From July 1, 2008, through June 30, 2009, 44.25 percent of the money collected and received must be deposited in the highway user tax distribution fund, 27.75 percent must be deposited in the metropolitan area transit account under section 16A.88, 1.75 percent must be deposited in the greater Minnesota transit account under section 16A.88, and the remaining money must be deposited in the general fund.~~

~~(d) From July 1, 2009, through June 30, 2010, 47.5 percent of the money collected and received must be deposited in the highway user tax distribution fund, 30 percent must be deposited in the metropolitan area transit account under section 16A.88, 3.5 percent must be deposited in the greater Minnesota transit account under section 16A.88, and 16.25 percent must be deposited in the general fund. The remaining amount must be deposited as follows:~~

~~(1) 1.5 percent in the metropolitan area transit account, except that any amount in excess of \$6,000,000 must be deposited in the highway user tax distribution fund; and~~

~~(2) 1.25 percent in the greater Minnesota transit account, except that any amount in excess of \$5,000,000 must be deposited in the highway user tax distribution fund.~~

~~(e) From July 1, 2010, through June 30, 2011, 54.5 percent of the money collected and received must be deposited in the highway user tax distribution fund, 33.75 percent must be deposited in the metropolitan area transit account under section 16A.88, 3.75 percent must be deposited in the greater Minnesota transit account under section 16A.88, and 6.25 percent must be deposited in the general fund. The remaining amount must be deposited as follows:~~

~~(1) 1.5 percent in the metropolitan area transit account, except that any amount in excess of \$6,750,000 must be deposited in the highway user tax distribution fund; and~~

~~(2) 0.25 percent in the greater Minnesota transit account, except that any amount in excess of \$1,250,000 must be deposited in the highway user tax distribution fund.~~

~~(f) On and after July 1, 2011, (b) 60 percent of the money collected and received must be deposited in the highway user tax distribution fund, 36 percent must be deposited in the metropolitan area transit account under section 16A.88, and four percent must be deposited in the greater Minnesota transit account under section 16A.88.~~

~~(g) (c) It is the intent of the legislature that the allocations under paragraph (f) (b) remain unchanged for fiscal year 2012 and all subsequent fiscal years.~~

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

Sec. 79. Minnesota Statutes 2012, section 297F.03, subdivision 2, is amended to read:

Subd. 2. **Form of application.** Every application for a cigarette or tobacco products license shall be made on a form prescribed by the commissioner ~~and shall state the name and address of the applicant; if the applicant is a firm, partnership, or association, the name and address of each of its members; if the applicant is a corporation, the name and address of each of its officers; the address of its principal place of business; the place where the business to be licensed is to be conducted; and any other information the commissioner may require for the administration of this chapter.~~

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

Sec. 80. Minnesota Statutes 2012, section 297I.05, subdivision 14, is amended to read:

Subd. 14. **Life insurance.** A tax is imposed on life insurance. The rate of tax equals a percentage 1.5 percent of gross premiums less return premiums on all direct business received by the insurer or agents of the insurer in Minnesota for life insurance, in cash or otherwise, during the year. ~~For premiums received after December 31, 2005, but before January 1, 2007, the rate of tax is 1.875 percent. For premiums received after December 31, 2006, but before January 1, 2008, the rate of tax is 1.75 percent. For premiums received after December 31, 2007, but before January 1, 2009, the rate of tax is 1.625 percent. For premiums received after December 31, 2008, the rate of tax is 1.5 percent.~~

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

Sec. 81. Minnesota Statutes 2012, section 298.75, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** Except as may otherwise be provided, the following words, when used in this section, shall have the meanings herein ascribed to them.

(a) "Aggregate material" means:

(1) nonmetallic natural mineral aggregate including, but not limited to sand, silica sand, gravel, crushed rock, limestone, granite, and borrow, but only if the borrow is transported on a public road, street, or highway, provided that nonmetallic aggregate material does not include dimension stone and dimension granite; and

(2) taconite tailings, crushed rock, and architectural or dimension stone and dimension granite removed from a taconite mine or the site of a previously operated taconite mine.

Aggregate material must be measured or weighed after it has been extracted from the pit, quarry, or deposit.

(b) "Person" means any individual, firm, partnership, corporation, organization, trustee, association, or other entity.

(c) "Operator" means any person engaged in the business of removing aggregate material from the surface or subsurface of the soil, for the purpose of sale, either directly or indirectly, through the use of the aggregate material in a marketable product or service.

(d) "Extraction site" means a pit, quarry, or deposit containing aggregate material and any contiguous property to the pit, quarry, or deposit which is used by the operator for stockpiling the aggregate material.

(e) "Importer" means any person who buys aggregate material excavated from a ~~county not listed in paragraph (f) or another state~~ site on which the tax under this section is not imposed and causes the aggregate material to be imported into a county in this state which imposes a tax on aggregate material.

(f) "County" means ~~the counties of Pope, Stearns, Benton, Sherburne, Carver, Scott, Dakota, Le Sueur, Kittson, Marshall, Pennington, Red Lake, Polk, Norman, Mahnomon, Clay, Becker, Carlton, St. Louis, Rock, Murray, Wilkin, Big Stone, Sibley, Hennepin, Washington, Chisago, and Ramsey. County also means a county imposing the tax under this section on December 31, 2014, or~~ any other county whose board has voted after a public hearing to impose the tax under this section and has notified the commissioner of revenue of the imposition of the tax.

(g) "Borrow" means granular borrow, consisting of durable particles of gravel and sand, crushed quarry or mine rock, crushed gravel or stone, or any combination thereof, the ratio of the portion passing the (#200) sieve divided by the portion passing the (1 inch) sieve may not exceed 20 percent by mass.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 82. Minnesota Statutes 2012, section 412.131, is amended to read:

412.131 ASSESSOR; DUTIES, COMPENSATION.

The city assessor, if there is one, shall assess and return as provided by law all property taxable within the city, if a separate assessment district, and the assessor of the town within which the city lies shall not include in the return any property taxable in the city. Any assessor may appoint a deputy assessor as provided in section 273.06. The assessor may be compensated on a full-time or part-time basis at the option of the council ~~but the compensation shall be not less than \$100 in any one year, if fixed on an annual basis, or not more than \$20 per day, if fixed on a per diem basis. If the compensation is not fixed by the council the assessor shall be entitled to compensation at the rate of \$20 per day for each days service necessarily rendered,~~ and mileage at the rate paid other city officers for each mile necessarily traveled in going to and returning from the county seat of the county to attend any meeting of the assessors of the county legally called by the county auditor, and also for each mile necessarily traveled in making

the return of assessment to the proper county officer and in attending sectional meetings called by the county assessor, except when mileage is paid by the county. In addition to other compensation, the council may allow the assessor mileage at the same rate per mile as paid other city officers for each mile necessarily traveled in assessment work.

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

Sec. 83. Minnesota Statutes 2013 Supplement, section 423A.022, subdivision 3, is amended to read:

Subd. 3. **Reporting; definitions.** ~~(a)~~ On or before September 1, annually, the executive director of the Public Employees Retirement Association shall report to the commissioner of revenue the following:

(1) the municipalities which employ firefighters with retirement coverage by the public employees police and fire retirement plan;

~~(2) the number of firefighters with public employees police and fire retirement plan coverage employed by each municipality;~~

~~(3)~~ (2) the fire departments covered by the voluntary statewide lump-sum volunteer firefighter retirement plan; and

~~(4)~~ (3) any other information requested by the commissioner to administer the police and firefighter retirement supplemental state aid program.

~~(b) For this subdivision, (i) the number of firefighters employed by a municipality who have public employees police and fire retirement plan coverage means the number of firefighters with public employees police and fire retirement plan coverage that were employed by the municipality for not less than 30 hours per week for a minimum of six months prior to December 31 preceding the date of the payment under this section and, if the person was employed for less than the full year, prorated to the number of full months employed; and (ii) the number of active police officers certified for police state aid receipt under section 69.011, subdivisions 2 and 2b, means, for each municipality, the number of police officers meeting the definition of peace officer in section 69.011, subdivision 1, counted as provided and limited by section 69.011, subdivisions 2 and 2b.~~

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

Sec. 84. Minnesota Statutes 2013 Supplement, section 465.04, is amended to read:

465.04 ACCEPTANCE OF GIFTS.

~~Cities A city of the second, third, or fourth class, having at any time an estimated market value of not more than \$41,000,000, as officially equalized by the commissioner of revenue, either operating under a home rule charter or under the laws of this state, in addition to all other powers possessed by them, hereby are authorized and empowered to may receive and accept gifts and donations for the use and benefit of such cities and the city and its inhabitants thereof upon terms and conditions to be approved by the governing bodies body of such cities; and such cities are authorized to comply with and perform such the city. The terms and conditions, which may include payment to the donor or donors of interest on the value of the gift at not exceeding five percent per annum payable annually or semiannually, during the remainder of the natural life or lives of such the donor or donors.~~

Sec. 85. Minnesota Statutes 2012, section 469.176, subdivision 1b, is amended to read:

Subd. 1b. **Duration limits; terms.** (a) No tax increment shall in any event be paid to the authority:

(1) after 15 years after receipt by the authority of the first increment for a renewal and renovation district;

(2) after 20 years after receipt by the authority of the first increment for a soils condition district;

(3) after eight years after receipt by the authority of the first increment for an economic development district;

(4) for a housing district, ~~a compact development district,~~ or a redevelopment district, after 25 years from the date of receipt by the authority of the first increment.

(b) For purposes of determining a duration limit under this subdivision or subdivision 1e that is based on the receipt of an increment, any increments from taxes payable in the year in which the district terminates shall be paid to the authority. This paragraph does not affect a duration limit calculated from the date of approval of the tax increment financing plan or based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

(c) An action by the authority to waive or decline to accept an increment has no effect for purposes of computing a duration limit based on the receipt of increment under this subdivision or any other provision of law. The authority is deemed to have received an increment for any year in which it waived or declined to accept an increment, regardless of whether the increment was paid to the authority.

(d) Receipt by a hazardous substance subdistrict of an increment as a result of a reduction in original net tax capacity under section 469.174, subdivision 7, paragraph (b), does not constitute receipt of increment by the overlying district for the purpose of calculating the duration limit under this section.

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

Sec. 86. Minnesota Statutes 2012, section 469.176, subdivision 3, is amended to read:

Subd. 3. **Limitation on administrative expenses.** (a) For districts for which certification was requested before August 1, 1979, or after June 30, 1982 and before August 1, 2001, no tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total estimated tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

~~(b) For districts for which certification was requested after July 31, 1979, and before July 1, 1982, no tax increment shall be used to pay administrative expenses, as defined in Minnesota Statutes 1980, section 273.73, for a district which exceeds five percent of the total tax increment expenditures authorized by the tax increment financing plan or the total estimated tax increment expenditures for the district, whichever is less.~~

~~(b)~~ (b) For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for a project which exceed ten percent of total estimated tax increment expenditures authorized by the tax increment financing plan or the total tax increments, as defined in section 469.174, subdivision 25, clause (1), from the district, whichever is less.

~~(c)~~ (c) Increments used to pay the county's administrative expenses under subdivision 4h are not subject to the percentage limits in this subdivision.

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

Sec. 87. Minnesota Statutes 2013 Supplement, section 469.1763, subdivision 2, is amended to read:

Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance

activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code; and

(2) not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

(3) be used to:

(i) acquire and prepare the site of the housing;

(ii) acquire, construct, or rehabilitate the housing; or

(iii) make public improvements directly related to the housing; or

(4) be used to develop housing:

(i) if the market value of the housing does not exceed the lesser of:

(A) 150 percent of the average market value of single-family homes in that municipality; or

(B) \$200,000 for municipalities located in the metropolitan area, as defined in section 473.121, or \$125,000 for all other municipalities; and

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel contains a residence containing one to four family dwelling units that has been vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and only after the redemption period has expired.

(e) For a district created within a biotechnology and health sciences industry zone as defined in section 469.330, subdivision 6, or for an existing district located within such a zone, tax increment derived from such a district may be expended outside of the district but within the zone only for expenditures required for the construction of public infrastructure necessary to support the activities of the zone, land acquisition, and other redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are considered as expenditures for activities within the district. The authority provided by this paragraph expires for expenditures made after the later of (1) December 31, 2015, or (2) the end of the five-year period beginning on the date the district was certified, provided that date was before January 1, 2016.

(f) The authority under paragraph (d), clause (4), expires on December 31, 2016. Increments may continue to be expended under this authority after that date, if they are used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if December 31, 2016, is considered to be the last date of the five-year period after certification under that provision.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Sec. 88. Minnesota Statutes 2012, section 473.665, subdivision 5, is amended to read:

Subd. 5. **Tax levy; surplus; reduction.** The corporation, upon issuing any bonds under the provisions of this section, shall, before the issuance thereof, levy for each year, until the principal and interest are paid in full, a direct annual tax on all the taxable property of the cities in and for which the corporation has been created in an amount not less than five percent in excess of the sum required to pay the principal and interest thereof, when and as such principal and interest matures. After any of such bonds have been delivered to purchasers, such tax shall be irrevocable until all such indebtedness is paid, and after the issuance of such bonds no further action of the corporation shall be necessary to authorize the extensions, assessments, and collection of such tax. The secretary of the corporation shall forthwith furnish a certified copy of such levy to the county auditor or county auditors of the county or counties in which the cities in and for which the corporation has been created are located, together with full information regarding the bonds for which the tax is levied, and such county auditor or such county auditors, as the case may be, shall enter the same in the register provided for in section 475.62, or a similar register, and shall extend and assess the tax so levied. If both cities are located wholly within one county, the county auditor thereof shall annually extend and assess the amount of the tax so levied. If the cities are located in different counties, the county auditor of each such county shall annually extend and assess such portion of the tax levied as the net tax capacity of the taxable property, ~~not including moneys and credits,~~ located wholly within the city in such county bears to the total net tax capacity of the taxable property, ~~not including moneys and credits,~~ within both cities. Any surplus resulting from the excess levy herein provided for shall be transferred to a sinking fund after the principal and interest for which the tax was levied and collected has been paid; provided, that the corporation may, on or before October 15 in any year, by appropriate action, cause its secretary to certify to the county auditor, or auditors, the amount on hand and available in its treasury from earnings, or otherwise, including the amount in the sinking fund, which it will use to pay principal or interest or both on each specified issue of its bonds, and the county auditor or auditors shall reduce the levy for that year, herein provided for by that amount. The amount of funds so certified shall be set aside by the corporation, and be used for no other purpose than for the payment of the principal and interest of the bonds. All taxes hereunder shall be collected and remitted to the corporation by the county treasurer or county treasurers, in accordance with the provisions of law governing the collection of other taxes, and shall be used solely for the payment of the bonds where due.

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

Sec. 89. Minnesota Statutes 2012, section 477A.0124, subdivision 5, is amended to read:

Subd. 5. **County transition aid.** ~~(a) For 2009 and each year thereafter,~~ A county is eligible to receive the transition aid it received in 2007.

~~(b) In 2009 only, a county with (1) a 2006 population less than 30,000, and (2) an average Part I crimes per capita greater than 3.9 percent based on factors used in determining county program aid payable in 2008, shall receive \$100,000.~~

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

Sec. 90. Minnesota Statutes 2012, section 477A.014, subdivision 1, is amended to read:

Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.013 and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those statewide total figures that are pertinent, before August 1 of the year preceding the aid distribution year.

(b) For the purposes of this subdivision, aid is determined for a city or town based on its city or town status as of June 30 of the year preceding the aid distribution year. If the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is on or before June 30 of the year preceding the aid distribution year, such change in boundaries or form of government shall be recognized for aid determinations for the aid distribution year. If the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is after June 30 of the year preceding the aid distribution year, such change in boundaries or form of government shall not be recognized for aid determinations until the following year.

(c) Changes in boundaries or form of government will only be recognized for the purposes of this subdivision, to the extent that: (1) changes in market values are included in market values reported by assessors to the commissioner, and changes in population, and household size, ~~and the road accidents factor~~ are included in their respective certifications to the commissioner as referenced in section 477A.011, or (2) an annexation information report as provided in paragraph (d) is received by the commissioner on or before July 15 of the aid calculation year. Revisions to estimates or data for use in recognizing changes in boundaries or form of government are not effective for purposes of this subdivision unless received by the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and data established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under subdivision 3.

(d) In the case of an annexation, an annexation information report may be completed by the annexing jurisdiction and submitted to the commissioner for purposes of this subdivision if the net tax capacity of annexed area for the assessment year preceding the effective date of the annexation exceeds five percent of the city's net tax capacity for the same year. The form and contents of the annexation information report shall be prescribed by the commissioner. The commissioner shall change the net tax capacity, the population, the population decline, the commercial industrial percentage, and the transformed population for the annexing jurisdiction only if the annexation information report provides data the commissioner determines to be reliable for all of these factors used to compute city revenue need for the annexing jurisdiction. The commissioner shall adjust the pre-1940 housing percentage, ~~the road accidents factor~~, and household size only if the entire area of an existing city or town is annexed or consolidated and only if reliable data is available for all of these factors used to compute city revenue need for the annexing jurisdiction.

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

Sec. 91. Minnesota Statutes 2012, section 611.27, subdivision 13, is amended to read:

Subd. 13. **Public defense services; correctional facility inmates.** All billings for services rendered and ordered under subdivision 7 shall require the approval of the chief district public defender before being forwarded on a monthly basis to the state public defender. In cases where adequate representation cannot be provided by the district public defender and where counsel has been appointed under a court order, the state public defender shall forward to the commissioner of management and budget all billings for services rendered under the court order. The commissioner shall pay for services from county program aid retained by the commissioner of revenue for that purpose under section ~~477A.0124, subdivision 1, clause (4), or~~ 477A.03, subdivision 2b, paragraph (a).

The costs of appointed counsel and associated services in cases arising from new criminal charges brought against indigent inmates who are incarcerated in a Minnesota state correctional facility are the responsibility of the state Board of Public Defense. In such cases the state public defender may follow the procedures outlined in this section for obtaining court-ordered counsel.

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

Sec. 92. Minnesota Statutes 2012, section 611.27, subdivision 15, is amended to read:

Subd. 15. **Costs of transcripts.** In appeal cases and postconviction cases where the appellate public defender's office does not have sufficient funds to pay for transcripts and other necessary expenses because it has spent or committed all of the transcript funds in its annual budget, the state public defender may forward to the commissioner of management and budget all billings for transcripts and other necessary expenses. The commissioner shall pay for these transcripts and other necessary expenses from county program aid retained by the commissioner of revenue for that purpose under section ~~477A.0124, subdivision 1, clause (4), or~~ 477A.03, subdivision 2b, paragraph (a).

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

Sec. 93. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall make all necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the amendments and repealers in this act. The revisor can make changes to sentence structure to preserve the meaning of the text. The revisor shall make other changes in chapter titles; section, subdivision, part, and subpart headnotes; and in other terminology necessary as a result of the enactment of this act. The Department of Revenue shall assist in making these corrections.

Sec. 94. **REPEALER.**

(a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules, part 8007.0200, are repealed.

(b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11, subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, and 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 290C.02, subdivisions 5 and 9; 290C.06; 295.52, subdivision 7; 297A.666; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6; and 505.173, Minnesota Statutes 2013 Supplement, section 273.1103, Laws 1993, chapter 375, article 9, section 47, and Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3; and 8130.9500, subparts 1, 1a, 2, 3, 4, and 5, are repealed.

(c) Minnesota Statutes 2012, section 469.1764, is repealed.

(d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision 38; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013 Supplement, section 469.340, subdivision 4, are repealed.

(e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective for taxable years beginning after December 31, 2013.

Paragraph (b) is effective the day following final enactment.

Paragraph (c) is effective the day following final enactment and any remaining unexpended tax increments from a district subject to Minnesota Statutes, section 469.1764, must be distributed as excess increments to the city, county, and school district under Minnesota Statutes, section 469.176, subdivision 2, paragraph (c), clause (4), on or before December 31, 2014.

Paragraph (d) is effective the day following final enactment.

Paragraph (e) is effective for taxable years beginning after December 31, 2013.

ARTICLE 9
DEPARTMENT OF REVENUE - TECHNICAL AND POLICY
PROPERTY TAX PROVISIONS

Section 1. Minnesota Statutes 2012, section 270.87, is amended to read:

270.87 CERTIFICATION TO COUNTY ASSESSORS.

After making an annual determination of the equalized fair market value of the operating property of each company in each of the respective counties, and in the taxing districts therein, the commissioner shall certify the equalized fair market value to the county assessor on or before June 30. The equalized fair market value of the operating property of the railroad company in the county and the taxing districts therein is the value on which taxes must be levied and collected in the same manner as on the commercial and industrial property of such county and the taxing districts therein. If the commissioner determines that the equalized fair market value certified on or before June 30 is in error, the commissioner may issue a corrected certification on or before August 31. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 2. Minnesota Statutes 2012, section 272.029, subdivision 4a, is amended to read:

Subd. 4a. **Correction of errors.** If the commissioner of revenue determines that the amount of production tax has been erroneously calculated, the commissioner may correct the error. The commissioner must notify the owner of the wind energy conversion system of the correction and the amount of tax due to each county and must certify the correction to the county auditor of each county in which the system is located on or before April 1 of the current year. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 3. Minnesota Statutes 2012, section 273.01, is amended to read:

273.01 LISTING AND ASSESSMENT, TIME.

All real property subject to taxation shall be listed and at least one-fifth of the parcels listed shall be appraised each year with reference to their value on January 2 preceding the assessment so that each parcel shall be reappraised at maximum intervals of five years. All real property becoming taxable in any year shall be listed with reference to its value on January 2 of that year. Except as provided in this section and section 274.01, subdivision 1, all real property assessments shall be completed two weeks prior to the date scheduled for the local board of review or equalization. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board of review or the county board of equalization has adjourned; however, corrections of errors for real or personal property that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. Any changes made by the assessor after adjournment must be fully documented and maintained in a file in the assessor's office and shall be available for review by any person. A copy of any changes made during this period shall be sent to the county board no later than December 31 of the assessment year. In the event a valuation and classification is not placed on any real property by the dates scheduled for the local board of review or equalization the valuation and classification determined in the preceding assessment shall be continued in effect and the provisions of section 273.13 shall, in such case, not be applicable, except with respect to real estate which has been constructed since the previous assessment. Real property containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by the state after January 2 in any year, be subject to assessment for that year on the value of any iron ore removed under said lease prior to January 2 of the following year. Personal property subject to taxation shall be listed and assessed annually with reference to its value on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

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

Sec. 4. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 1, is amended to read:

Subdivision 1. **Computation.** The Department of Revenue must annually conduct an assessment/sales ratio study of the taxable property in each county, city, town, and school district in accordance with the procedures in subdivisions 2 and 3. Based upon the results of this assessment/sales ratio study, the Department of Revenue must determine an equalized net tax capacity for the various classes of taxable property in each taxing district, the aggregate of which is designated as the adjusted net tax capacity. The adjusted net tax capacity must be reduced by the captured tax capacity of tax increment districts under section 469.177, subdivision 2, fiscal disparities contribution tax capacities under sections 276A.06 and 473F.08, and the tax capacity of transmission lines required to be subtracted from the local tax base under section 273.425; and increased by fiscal disparities distribution tax capacities under sections 276A.06 and 473F.08. The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year following the assessment year of the study. The Department of Revenue must make whatever estimates are necessary to account for changes in the classification system. The Department of Revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted net tax capacity. On or before March 15 annually, the Department of Revenue shall file with the chair of the Tax Committee of the house of representatives and the chair of the Committee on Taxes and Tax laws of the senate a report of adjusted net tax capacities for school districts. On or before June ~~15~~ 30 annually, the Department of Revenue shall file its final report on the adjusted net tax capacities for school districts established by the previous year's assessments and the current year's net tax capacity percentages with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each school district involved and to the county assessor or supervisor of assessments of the county or counties in which each school district is located.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 5. Minnesota Statutes 2012, section 273.33, subdivision 2, is amended to read:

Subd. 2. **Listing and assessment by commissioner.** The personal property, consisting of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and assessed by the commissioner of revenue and the values provided to the city or county assessor by order. This subdivision shall not apply to the assessment of the products transported through the pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipelines used by the owner thereof to supply natural gas or other petroleum products exclusively for such owner's own consumption and not for resale to others. If more than 85 percent of the natural gas or other petroleum products actually transported over the pipeline is used for the owner's own consumption and not for resale to others, then this subdivision shall not apply; provided, however, that in that event, the pipeline shall be assessed in proportion to the percentage of gas actually transported over such pipeline that is not used for the owner's own consumption. On or before August 1, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located. If the commissioner determines that the amount of personal property assessment certified on or before August 1 is in error, the commissioner may issue a corrected certification on or before October 1. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 6. Minnesota Statutes 2012, section 273.37, subdivision 2, is amended to read:

Subd. 2. **Listing and assessment by commissioner.** Transmission lines of less than 69 kv, transmission lines of 69 kv and above located in an unorganized township, and distribution lines, and equipment attached thereto, having a fixed situs outside the corporate limits of cities except distribution lines taxed as provided in sections 273.40 and 273.41, shall be listed with and assessed by the commissioner of revenue in the county where situated and the values provided to the city or county assessor by order. The commissioner shall assess such property at the percentage of market value fixed by law; and, on or before August 1, shall certify to the auditor of each county in which such property is located the amount of the assessment made against each company and person owning such property. If the commissioner determines that the amount of the assessment certified on or before August 1 is in error, the commissioner may issue a corrected certification on or before October 1. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 7. Minnesota Statutes 2012, section 273.3711, is amended to read:

273.3711 RECOMMENDED AND ORDERED VALUES.

For purposes of sections 273.33, 273.35, 273.36, 273.37, 273.371, and 273.372, all values not required to be listed and assessed by the commissioner of revenue are recommended values. If the commissioner provides recommended values, the values must be certified to the auditor of each county in which the property is located on or before August 1. If the commissioner determines that the certified recommended value is in error the commissioner may issue a corrected certification on or before October 1. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 8. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town board of a town, or the council or other governing body of a city, is the board of appeal and equalization except (1) in cities whose charters provide for a board of equalization or (2) in any city or town that has transferred its local board of review power and duties to the county board as provided in subdivision 3. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. Notwithstanding any law or city charter to the contrary, a city board of equalization shall be referred to as a board of appeal and equalization. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting.

The board shall meet either at a central location within the county or at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board has adjourned in those cities or towns that hold a local board of review; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period in those cities or towns that hold a local board of review must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just. The board may not make an individual market value adjustment or classification change that would benefit the property if the owner or other person having control over the property has refused the assessor access to inspect the property and the interior of any buildings or structures as provided in section 273.20. A board member shall not participate in any actions of the board which result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage.

(c) A local board may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board without regard to the one percent limitation.

(d) A local board does not have authority to grant an exemption or to order property removed from the tax rolls.

(e) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, with the assessment books and papers, and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite the item. The county assessor shall enter all changes made by the board in the assessment book.

(f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of appeal and equalization for a review of the assessment or classification. This paragraph does not apply if an assessment was made after the local board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board meeting.

(g) The local board must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board file written objections to an assessment or classification with the county assessor. The objections must be presented to the board at its meeting by the county assessor for its consideration.

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

Sec. 9. Minnesota Statutes 2012, section 274.014, subdivision 3, is amended to read:

Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that conducts local boards of appeal and equalization meetings must provide proof to the county assessor by ~~December 1, 2006~~ February 15, 2015, and each year thereafter, that it is in compliance with the requirements of subdivision 2. ~~Beginning in 2006~~ 2015, this notice must also verify that there was a quorum of voting members at each meeting of the board of appeal and equalization in the current year. A city or town that does not comply with these requirements is deemed to have transferred its board of appeal and equalization powers to the county beginning with the following year's assessment and continuing unless the powers are reinstated under paragraph (c).

(b) The county shall notify the taxpayers when the board of appeal and equalization for a city or town has been transferred to the county under this subdivision and, prior to the meeting time of the county board of equalization, the county shall make available to those taxpayers a procedure for a review of the assessments, including, but not limited to, open book meetings. This alternate review process shall take place in April and May.

(c) A local board whose powers are transferred to the county under this subdivision may be reinstated by resolution of the governing body of the city or town and upon proof of compliance with the requirements of subdivision 2. The resolution and proofs must be provided to the county assessor by ~~December 1~~ February 15 in order to be effective for the following year's assessment.

(d) A local board whose powers are transferred to the county under this subdivision may continue to employ a local assessor and is not deemed to have transferred its powers to make assessments.

EFFECTIVE DATE. This section is effective beginning with local boards of appeal and equalization meetings held after December 31, 2014.

Sec. 10. Minnesota Statutes 2013 Supplement, section 290C.03, is amended to read:

290C.03 ELIGIBILITY REQUIREMENTS.

(a) Land may be enrolled in the sustainable forest incentive program under this chapter if all of the following conditions are met:

(1) the land consists of at least 20 contiguous acres and at least 50 percent of the land must meet the definition of forest land in section 88.01, subdivision 7, during the enrollment;

(2) a forest management plan for the land must be prepared by an approved plan writer and implemented during the period in which the land is enrolled;

(3) timber harvesting and forest management guidelines must be used in conjunction with any timber harvesting or forest management activities conducted on the land during the period in which the land is enrolled;

(4) the land must be enrolled for a minimum of eight years;

(5) there are no delinquent property taxes on the land; ~~and~~

(6) claimants enrolling more than 1,920 acres in the sustainable forest incentive program must allow year-round, nonmotorized access to fish and wildlife resources and motorized access on established and maintained roads and trails, unless the road or trail is temporarily closed for safety, natural resource, or road damage reasons on enrolled land except within one-fourth mile of a permanent dwelling or during periods of high fire hazard as determined by the commissioner of natural resources; and

(7) the land is not classified as class 2c managed forest land.

(b) Claimants required to allow access under paragraph (a), clause (6), do not by that action:

(1) extend any assurance that the land is safe for any purpose;

(2) confer upon the person the legal status of an invitee or licensee to whom a duty of care is owed; or

(3) assume responsibility for or incur liability for any injury to the person or property caused by an act or omission of the person.

EFFECTIVE DATE. This section is effective for certifications and applications due in 2014 and thereafter.

Sec. 11. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid distributed under subdivision 1 that is not distributed for any reason to a municipality must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 50 percent of the amounts derived under this paragraph to the Teachers Retirement Association, ten percent to the Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments must be made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth Teachers Retirement Fund Association becomes fully funded, the association's eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization aid under paragraph (a), before June 30 annually Independent School District No. 625, St. Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

(c) Thirty percent of the difference between \$5,720,000 and the current year amortization aid under subdivision ~~1a~~ 1 that is not distributed for any reason to a municipality must be distributed under section 69.021, subdivision 7, paragraph (d), as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.

EFFECTIVE DATE. This section is effective retroactively from June 1, 2013.

Sec. 12. Minnesota Statutes 2013 Supplement, section 477A.12, subdivision 1, is amended to read:

Subdivision 1. **Types of land; payments.** The following amounts are annually appropriated to the commissioner of natural resources from the general fund for transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to 477A.14. The amounts, based on the acreage as of July 1 of each year prior to the payment year, are:

(1) \$5.133 multiplied by the total number of acres of acquired natural resources land or, at the county's option three-fourths of one percent of the appraised value of all acquired natural resources land in the county, whichever is greater;

(2) \$5.133, multiplied by the total number of acres of transportation wetland or, at the county's option, three-fourths of one percent of the appraised value of all transportation wetland in the county, whichever is greater;

(3) \$5.133, multiplied by the total number of acres of wildlife management land, or, at the county's option, three-fourths of one percent of the appraised value of all wildlife management land in the county, whichever is greater;

(4) 50 percent of the dollar amount as determined under clause (1), multiplied by the number of acres of military refuge land in the county;

(5) \$1.50, multiplied by the number of acres of county-administered other natural resources land in the county;

(6) \$5.133, multiplied by the total number of acres of land utilization project land in the county;

(7) \$1.50, multiplied by the number of acres of commissioner-administered other natural resources land in the county; and

(8) without regard to acreage, \$300,000 for local assessments under section 84A.55, subdivision 9.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 13. Minnesota Statutes 2013 Supplement, section 477A.14, subdivision 1, is amended to read:

Subdivision 1. **General distribution.** Except as provided in subdivisions 2 and 3, 40 percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

~~(a)~~ (1) 64.2 cents, for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

~~(b) from the funds remaining,~~ (2) within 30 days of receipt of the payment to the county, the county treasurer shall pay ~~each organized township ten percent of the amount received~~ a township with land that qualifies for payment under section 477A.12, subdivision 1, clauses (1), (2), and (5) to (7), ten percent of the payment the county received for such land within that township. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction, except that of the payments for natural resources lands not located in an organized township, the county may allocate the amount determined to be necessary for maintenance of roads in unorganized townships. ~~Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and~~

(⇌) (3) any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 14. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the terms "class rate" or "class rates" to "classification rate" or "classification rates" or similar terms wherever they appear in Minnesota Statutes when the terms are being used to refer to the calculation of net tax capacity in the property tax system. The revisor can make changes to sentence structure to preserve the meaning of the text. The revisor shall make other changes in section and subdivision headnotes and in other terminology as necessary as a result of the enactment of this section. The Department of Revenue shall assist in making these corrections.

Sec. 15. **REPEALER.**

Minnesota Statutes 2012, sections 273.13, subdivision 21a; 290C.02, subdivisions 5 and 9; and 290C.06, are repealed.

EFFECTIVE DATE. This section is effective the day following final enactment, except that section 273.13, subdivision 21a, is repealed effective beginning with assessment year 2014.

ARTICLE 10

DEPARTMENT OF REVENUE - TECHNICAL AND POLICY INCOME AND
FRANCHISE, SALES AND USE, AND MISCELLANEOUS TAX PROVISIONS

Section 1. Minnesota Statutes 2012, section 270C.34, subdivision 2, is amended to read:

Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or section 289A.60, subdivision 4, or a request for abatement of interest or additional tax charge, must be filed with the commissioner within 60 days of the date the notice was mailed to the taxpayer's last known address, stating that a penalty has been imposed.

(b) If the commissioner issues an order denying a request for abatement of penalty, interest, or additional tax charge, the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to Tax Court as provided in section 271.06.

(c) If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to Tax Court as provided in section 271.06.

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

Sec. 2. Minnesota Statutes 2012, section 270C.56, subdivision 3, is amended to read:

Subd. 3. **Procedure for assessment; claims for refunds.** (a) The commissioner may assess liability for the taxes described in subdivision 1 against a person liable under this section. The assessment may be based upon information available to the commissioner. It must be made within the prescribed period of limitations for assessing the underlying tax, ~~or~~ within one year after the date of an order assessing underlying tax, or within one year after the date of a final administrative or judicial determination, whichever period expires later. An order assessing personal liability under this section is reviewable under section 270C.35 and is appealable to Tax Court.

(b) If the time for appealing the order has expired and a payment is made by or collected from the person assessed on the order in excess of the amount lawfully due from that person of any portion of the liability shown on the order, a claim for refund may be made by that person within 120 days after any payment of the liability if the payment is within 3-1/2 years after the date the order was issued. Claims for refund under this paragraph are limited to the amount paid during the 120-day period. Any amounts collected under paragraph (c) after a claim for refund is filed in order to satisfy the unpaid balance of the assessment that is the subject of the claim shall be returned if the claim is allowed. There is no claim for refund available under this paragraph if the assessment has previously been the subject of an administrative or Tax Court appeal, or a denied claim for refund. The taxpayer may contest denial of the refund as provided in the procedures governing claims for refunds under section 289A.50, subdivision 7.

(c) If a person has been assessed under this section for an amount for a given period and the time for appeal has expired, regardless of whether an action contesting denial of a claim for refund has been filed under paragraph (b), or there has been a final determination that the person is liable, collection action is not stayed pursuant to section 270C.33, subdivision 5, for that assessment or for subsequent assessments of additional amounts for the same person for the same period and tax type.

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

Sec. 3. Minnesota Statutes 2012, section 289A.18, subdivision 2, is amended to read:

Subd. 2. **Withholding returns, entertainer withholding returns, returns for withholding from payments to out-of-state contractors, and withholding returns from partnerships and S corporations.** (a) Withholding returns ~~for the first, second, and third quarters~~ are due on or before the last day of the month following the close of the quarterly period. However, if the return shows timely deposits in full payment of the taxes due for that period, the returns ~~for the first, second, and third quarters~~ may be filed on or before the tenth day of the second calendar month following the period. ~~The return for the fourth quarter must be filed on or before the 28th day of the second calendar month following the period.~~ An employer, in preparing a quarterly return, may take credit for deposits previously made for that quarter. Entertainer withholding tax returns are due within 30 days after each performance. Returns for withholding from payments to out-of-state contractors are due within 30 days after the payment to the contractor. Returns for withholding by partnerships are due on or before the due date specified for filing partnership returns. Returns for withholding by S corporations are due on or before the due date specified for filing corporate franchise tax returns.

(b) A seasonal employer who provides notice in the form and manner prescribed by the commissioner before the end of the calendar quarter is not required to file a withholding tax return for periods of anticipated inactivity unless the employer pays wages during the period from which tax is withheld. For purposes of this paragraph, a seasonal employer is an employer that regularly, in the same one or more quarterly periods of each calendar year, pays no wages to employees.

EFFECTIVE DATE. (a) The amendments in paragraph (a) are effective for returns due after January 1, 2016.

(b) The amendment adding paragraph (b) is effective for wages paid after December 31, 2015.

Sec. 4. Minnesota Statutes 2013 Supplement, section 290.191, subdivision 5, is amended to read:

Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules apply in determining the sales factor.

(a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary course of the business, except that the following types of income are not included in the sales factor:

(1) interest;

(2) dividends;

(3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

(4) sales of property used in the trade or business, except sales of leased property of a type which is regularly sold as well as leased; and

(5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue Code or sales of stock.

(b) Sales of tangible personal property are made within this state if the property is received by a purchaser at a point within this state, ~~and the taxpayer is taxable in this state~~, regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination of the property.

(c) Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.

(d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state.

(e) Sales made by or through a corporation that is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code are not considered to have been made within this state.

(f) Sales, rents, royalties, and other income in connection with real property is attributed to the state in which the property is located.

(g) Receipts from the lease or rental of tangible personal property, including finance leases and true leases, must be attributed to this state if the property is located in this state and to other states if the property is not located in this state. Receipts from the lease or rental of moving property including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts factor to the extent that the property is used in this state. The extent of the use of moving property is determined as follows:

(1) A motor vehicle is used wholly in the state in which it is registered.

(2) The extent that rolling stock is used in this state is determined by multiplying the receipts from the lease or rental of the rolling stock by a fraction, the numerator of which is the miles traveled within this state by the leased or rented rolling stock and the denominator of which is the total miles traveled by the leased or rented rolling stock.

(3) The extent that an aircraft is used in this state is determined by multiplying the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this state and the denominator of which is the total number of landings of the aircraft.

(4) The extent that a vessel, mobile equipment, or other mobile property is used in the state is determined by multiplying the receipts from the lease or rental of the property by a fraction, the numerator of which is the number of days during the taxable year the property was in this state and the denominator of which is the total days in the taxable year.

(h) Royalties and other income received for the use of or for the privilege of using intangible property, including patents, know-how, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or similar items, must be attributed to the state in which the property is used by

the purchaser. If the property is used in more than one state, the royalties or other income must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the royalties or other income must be excluded from both the numerator and the denominator. Intangible property is used in this state if the purchaser uses the intangible property or the rights therein in the regular course of its business operations in this state, regardless of the location of the purchaser's customers.

(i) Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the regular course of its business operations in this state.

(j) Receipts from the performance of services must be attributed to the state where the services are received. For the purposes of this section, receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where it has a fixed place of doing business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of doing business, the services shall be deemed to be received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed.

(k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from management, distribution, or administrative services performed by a corporation or trust for a fund of a corporation or trust regulated under United States Code, title 15, sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of the fund resides. Under this paragraph, receipts for services attributed to shareholders are determined on the basis of the ratio of: (1) the average of the outstanding shares in the fund owned by shareholders residing within Minnesota at the beginning and end of each year; and (2) the average of the total number of outstanding shares in the fund at the beginning and end of each year. Residence of the shareholder, in the case of an individual, is determined by the mailing address furnished by the shareholder to the fund. Residence of the shareholder, when the shares are held by an insurance company as a depositor for the insurance company policyholders, is the mailing address of the policyholders. In the case of an insurance company holding the shares as a depositor for the insurance company policyholders, if the mailing address of the policyholders cannot be determined by the taxpayer, the receipts must be excluded from both the numerator and denominator. Residence of other shareholders is the mailing address of the shareholder.

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

Sec. 5. Minnesota Statutes 2012, section 296A.01, subdivision 16, is amended to read:

Subd. 16. **Dyed fuel.** "Dyed fuel" means ~~diesel~~ motor fuel to which indelible dye has been added, either before or upon withdrawal at a terminal or refinery rack, and which may be sold for exempt purposes. The dye may be either dye required to be added per the EPA or dye that meets other specifications required by the Internal Revenue Service or the commissioner.

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

Sec. 6. Minnesota Statutes 2013 Supplement, section 403.162, subdivision 5, is amended to read:

Subd. 5. **Fees deposited.** (a) The commissioner of revenue shall, based on the relative proportion of the prepaid wireless E911 fee and the prepaid wireless telecommunications access Minnesota fee imposed per retail transaction, divide the fees collected in corresponding proportions. Within 30 days of receipt of the collected fees, the commissioner shall:

(1) deposit the proportion of the collected fees attributable to the prepaid wireless E911 fee in the 911 emergency telecommunications service account in the special revenue fund; and

(2) deposit the proportion of collected fees attributable to the prepaid wireless telecommunications access Minnesota fee in the telecommunications access fund established in section 237.52, subdivision 1.

(b) The ~~department~~ commissioner of revenue may deduct and ~~retain~~ deposit in a special revenue account an amount, not to exceed two percent of collected fees; Money in the account is annually appropriated to the commissioner of revenue to reimburse its direct costs of administering the collection and remittance of prepaid wireless E911 fees and prepaid wireless telecommunications access Minnesota fees.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2014.

Sec. 7. Laws 2013, chapter 143, article 8, section 3, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013, except for paragraph (p), which is effective the day following final enactment.

EFFECTIVE DATE. This section is effective retroactively from the day following final enactment of Laws 2013, chapter 143, article 8, section 3.

Sec. 8. **REPEALER.**

Minnesota Rules, parts 8130.8900, subpart 3; and 8130.9500, subparts 1, 1a, 2, 3, 4, and 5, are repealed.

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

Delete the title and insert:

"A bill for an act relating to financing of state and local government; making changes to individual income, property, sales and use, excise, estate, mineral, tobacco, alcohol, special, local, and other taxes and tax-related provisions; providing for and increasing credits; modifying local government aids; eliminating certain minor property tax classifications; modifying exclusions, exemptions, and levy deadlines; imposing a tax on solar energy production; modifying sales, use, and excise tax exemptions; changing sales, use, and excise tax remittances; modifying certain local sales and use taxes; allowing for temporary sales and use tax amnesty; modifying income tax credits and subtractions; clarifying estate tax provisions; providing for certain local development projects; changing license revocation procedures; modifying installment payments; modifying certain county levy authority; allocating additional tax reductions for border cities; removing obsolete, redundant, and unnecessary laws and administrative rules administered by the Department of Revenue; making various policy and technical changes; requiring a report; appropriating money; amending Minnesota Statutes 2012, sections 16D.02, subdivisions 3, 6; 16D.04, subdivisions 3, 4; 16D.07; 16D.11, subdivisions 1, 3, 7; 84A.20, subdivision 2; 84A.31, subdivision 2; 115B.49, subdivision 4; 116J.8737, by adding a subdivision; 163.06, subdivision 1; 270.11, subdivision 1; 270.12, subdivisions 2, 4; 270.87; 270A.03, subdivision 2; 270B.14, subdivision 3; 270C.085; 270C.34, subdivision 2; 270C.52, subdivision 2; 270C.56, subdivision 3; 270C.72, subdivisions 1, 3; 270C.725, subdivision 1, by adding a subdivision; 272.01, subdivisions 1, 3; 272.02, subdivisions 10, 24; 272.0211, subdivisions 1, 2; 272.025, subdivision 1; 272.027, subdivision 1; 272.029, subdivisions 4a, 6; 272.03, subdivision 1; 273.01; 273.061, subdivision 6; 273.10; 273.11, subdivision 13; 273.112, subdivision 6a; 273.13, subdivisions 22, 34; 273.1384, subdivision 2; 273.18; 273.33, subdivision 2; 273.37, subdivision 2; 273.3711; 274.01, subdivisions 1, 2; 274.014, subdivision 3; 275.025, subdivision 2; 275.065, subdivision 1; 275.08, subdivisions 1a, 1d; 275.74, subdivision 2; 275.75; 279.03; 279.16; 279.23; 279.25; 280.001; 280.03; 280.07; 280.11; 281.03; 281.327; 282.01, subdivision 6; 282.04, subdivision 4; 282.261, subdivisions 2, 4, 5; 282.322; 287.30; 289A.02, subdivision 7, as amended; 289A.18, subdivision 2;

289A.25, subdivision 1; 289A.60, subdivision 15; 290.01, subdivisions 5, 19f, 29; 290.015, subdivision 1; 290.068, subdivision 1; 290.07, subdivisions 1, 2; 290.0922, subdivision 3; 290.095, subdivision 3; 290.9728, subdivision 2; 296A.01, subdivision 16; 297A.67, subdivision 13a, by adding a subdivision; 297A.68, by adding a subdivision; 297A.70, subdivision 10; 297A.71, by adding a subdivision; 297A.94; 297B.03; 297B.09; 297F.03, subdivision 2; 297F.09, subdivision 10; 297G.03, by adding a subdivision; 297G.09, subdivision 9; 297I.05, subdivision 14; 298.75, subdivisions 1, 2; 383D.41, by adding a subdivision; 383E.21, subdivisions 1, 2; 412.131; 469.171, subdivision 6; 469.176, subdivisions 1b, 3; 469.1763, subdivision 3; 469.177, subdivision 3; 473.665, subdivision 5; 477A.0124, subdivision 5; 477A.014, subdivision 1; 477A.03, by adding a subdivision; 611.27, subdivisions 13, 15; Minnesota Statutes 2013 Supplement, sections 116J.8737, subdivision 2, as amended; 116J.8738, subdivisions 2, 3, 4; 270B.01, subdivision 8; 270B.03, subdivision 1; 273.032; 273.13, subdivisions 23, 25; 273.1325, subdivisions 1, 2; 273.1398, subdivisions 3, 4; 275.70, subdivision 5; 279.37, subdivision 2; 281.17; 289A.20, subdivision 4; 290.01, subdivisions 19, as amended, 19b, as amended, 19d, 31, as amended; 290.091, subdivision 2, as amended; 290.0921, subdivision 3; 290.191, subdivision 5; 290A.03, subdivision 15, as amended; 290C.03; 291.005, subdivision 1, as amended; 297A.61, subdivision 3, as amended; 297A.68, subdivisions 42, 44; 297A.70, subdivisions 2, 13, 14; 297A.75, subdivisions 1, 2, 3; 297B.01, subdivision 16; 360.531, subdivision 2; 403.162, subdivision 5; 423A.02, subdivision 3; 423A.022, subdivisions 2, 3; 465.04; 469.169, by adding a subdivision; 469.1763, subdivision 2; 477A.013, subdivision 8; 477A.03, subdivision 2a; 477A.12, subdivision 1; 477A.14, subdivision 1; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4; Laws 2006, chapter 259, article 3, sections 10, subdivisions 3, 4, 5; 11, subdivisions 3, 4, 5; Laws 2008, chapter 366, article 10, section 15; Laws 2013, chapter 143, article 8, sections 3; 37; article 9, section 23; article 11, section 10; Laws 2014, chapter 150, article 3, section 4; proposing coding for new law in Minnesota Statutes, chapters 69; 168A; 272; 383A; 477A; repealing Minnesota Statutes 2012, sections 16D.02, subdivisions 5, 8; 16D.11, subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.1115; 273.13, subdivision 21a; 273.1383; 273.1386; 273.1398, subdivision 4b; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 289A.56, subdivision 7; 290.01, subdivisions 4b, 19e, 20e; 290.06, subdivisions 30, 31; 290.0674, subdivision 3; 290.191, subdivision 4; 290.33; 290C.02, subdivisions 5, 9; 290C.06; 295.52, subdivision 7; 297A.666; 297A.68, subdivision 38; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.1764; 469.177, subdivision 10; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, 5; 469.341; 477A.0124, subdivisions 1, 6; 505.173; Minnesota Statutes 2013 Supplement, sections 273.1103; 469.340, subdivision 4; Laws 1993, chapter 375, article 9, section 47; Minnesota Rules, parts 8002.0200, subpart 8; 8007.0200; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3; 8130.9500, subparts 1, 1a, 2, 3, 4, 5."

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

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 3171, A bill for an act relating to education; providing funding and policy modifications for early childhood, kindergarten through grade 12, and adult education, including general education, education excellence, special education, facilities, nutrition, community education, self-sufficiency and lifelong learning, and state agencies; making forecast adjustments; appropriating money; amending Minnesota Statutes 2012, sections 121A.19; 122A.40, subdivision 13; 122A.41, subdivision 6; 122A.415, subdivision 1; 123A.05, subdivision 2; 123A.485; 123A.64; 123B.71, subdivisions 8, 9; 124D.09, subdivisions 9, 13; 124D.111, by adding a subdivision; 124D.16, subdivision 2; 124D.522; 124D.531, subdivision 3; 124D.59, subdivision 2; 125A.76, subdivision 2; 126C.10,

subdivisions 25, 26; 127A.45, subdivisions 2, 3; 127A.49, subdivisions 2, 3; 129C.10, subdivision 3, by adding a subdivision; Minnesota Statutes 2013 Supplement, sections 123B.53, subdivisions 1, 5; 123B.54; 123B.75, subdivision 5; 124D.11, subdivision 1; 124D.111, subdivision 1; 124D.165, subdivision 5; 124D.531, subdivision 1; 124D.65, subdivision 5; 124D.862, subdivisions 1, 2; 125A.0942; 125A.11, subdivision 1; 125A.76, subdivisions 1, 2a, 2b, 2c; 125A.79, subdivisions 1, 5, 8; 126C.05, subdivision 15; 126C.10, subdivisions 2, 2a, 2d, 24, 31; 126C.17, subdivisions 6, 7b, 9, 9a; 126C.44; 126C.48, subdivision 8; 127A.47, subdivision 7; Laws 2012, chapter 263, section 1; Laws 2013, chapter 116, article 1, section 58, subdivisions 2, 3, 4, 5, 6, 7, 11; article 3, section 37, subdivisions 3, 4, 5, 6, 8, 11, 15, 20; article 4, section 9, subdivision 2; article 5, section 31, subdivisions 2, 3, 4, 8; article 6, section 12, subdivisions 2, 3, 4, 5, 6; article 7, section 21, subdivisions 2, 3, 4, 6, 7, 9; article 8, section 5, subdivisions 2, 3, 4, 10, 11, 14; article 9, sections 1, subdivision 2; 2; proposing coding for new law in Minnesota Statutes, chapters 123A; 123B; 124D; 129C; repealing Minnesota Statutes 2012, section 123B.71, subdivision 1.

Reported the same back with the following amendments:

Page 9, line 21, after "delineated" insert "in 2009"

Page 9, line 22, delete the new language and insert "United States Census Bureau"

Page 49, line 20, delete "\$4,300" and insert "\$4,970"

Page 63, line 1, before "compensation" insert "alternative"

Page 63, line 3, after "and" insert "alternative"

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

The report was adopted.

Atkins from the Committee on Commerce and Consumer Protection Finance and Policy to which was referred:

H. F. No. 3183, A bill for an act relating to tourism; transferring money for a grant to the Mille Lacs Tourism Council.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Laws 2013, chapter 85, article 1, section 5, is amended to read:

Sec. 5. EXPLORE MINNESOTA TOURISM	\$13,988,000	\$13,988,000
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(a) To develop maximum private sector involvement in tourism, \$500,000 in fiscal year 2014 and \$500,000 in fiscal year 2015 must be matched by Explore Minnesota Tourism from nonstate sources. Each \$1 of state incentive must be matched with \$6 of private sector funding. Cash match is defined as revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The

incentive in fiscal year 2014 shall be based on fiscal year 2013 private sector contributions. The incentive in fiscal year 2015 shall be based on fiscal year 2014 private sector contributions. This incentive is ongoing.

Funding for the marketing grants is available either year of the biennium. Unexpended grant funds from the first year are available in the second year.

(b) \$100,000 of the second year appropriation is for a grant to the Mille Lacs Tourism Council to enhance marketing activities related to tourism promotion in the Mille Lacs Lake area.

(c) \$100,000 of the second year appropriation is for additional marketing activities."

Correct the title numbers accordingly

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

The report was adopted.

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 3238, A bill for an act relating to public safety; prohibiting persons subject to domestic violence restraining orders from possessing weapons; requiring persons convicted of domestic violence offenses to surrender their firearms while they are prohibited from possessing firearms; providing penalties; amending Minnesota Statutes 2012, sections 260C.201, subdivision 3; 518B.01, subdivision 6; 609.2242, subdivision 3; 609.749, subdivision 8; 624.713, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 624.

Reported the same back with the following amendments:

Page 2, line 26, after the period, insert "Except as provided in paragraph (f)."

Page 3, delete line 25 and insert "within two business days of the firearms transfer. The court shall seal affidavits and proofs of transfer filed pursuant to this paragraph."

Page 3, before line 26, insert:

"(f) Prior to issuing an order under this subdivision, the court shall determine if an abusing party poses an imminent risk of causing another person substantial bodily harm. Upon a finding of imminent risk, the court shall order that the local law enforcement agency take immediate possession of all firearms in the abusing party's possession. The local law enforcement agency shall exercise due care to preserve the quality and function of the abusing party's firearms and shall return the firearms to the person upon request after the expiration of the prohibiting time period, provided the person is not otherwise prohibited from possessing firearms under state or federal law. The local law enforcement agency shall, upon written notice from the abusing party, transfer the firearms to a federally licensed firearms dealer or a third party who may lawfully receive them. Before a local law enforcement agency transfers a firearm under this paragraph, the agency shall require the party receiving the firearm to submit an affidavit that complies with the requirements for affidavits established in paragraph (e). The agency

shall file all affidavits received with the court. The court shall seal all affidavits filed pursuant to this paragraph. A law enforcement agency may establish policies for disposal of abandoned firearms, provided such policies require that the abusing party be notified via certified mail prior to disposal of abandoned firearms."

Page 5, line 34, after the period, insert "Except as provided in paragraph (i),"

Page 6, delete line 33 and insert "within two business days of the firearms transfer. The court shall seal affidavits and proofs of transfer filed pursuant to this paragraph."

Page 6, before line 34, insert:

"(i) Prior to issuing an order under this subdivision, the court shall determine if an abusing party poses an imminent risk of causing another person substantial bodily harm. Upon a finding of imminent risk, the court shall order that the local law enforcement agency take immediate possession of all firearms in the abusing party's possession. The local law enforcement agency shall exercise due care to preserve the quality and function of the abusing party's firearms and shall return the firearms to the person upon request after the expiration of the prohibiting time period, provided the person is not otherwise prohibited from possessing firearms under state or federal law. The local law enforcement agency shall, upon written notice from the abusing party, transfer the firearms to a federally licensed firearms dealer or a third party who may lawfully receive them. Before a local law enforcement agency transfers a firearm under this paragraph, the agency shall require the party receiving the firearm to submit an affidavit that complies with the requirements for affidavits established in paragraph (h). The agency shall file all affidavits received with the court. The court shall seal all affidavits filed pursuant to this paragraph. A law enforcement agency may establish policies for disposal of abandoned firearms, provided such policies require that the abusing party be notified via certified mail prior to disposal of abandoned firearms."

Page 8, line 1, delete "paragraph (b)" and insert "paragraphs (b) and (h)"

Page 9, delete line 6 and insert "within two business days of the firearms transfer. The court shall seal affidavits and proofs of transfer filed pursuant to this paragraph."

Page 9, before line 7, insert:

"(h) Prior to being released from custody, the court shall determine if the person poses an imminent risk of causing another person substantial bodily harm. Upon a finding of imminent risk, the court shall order that the local law enforcement agency take immediate possession of all firearms in the person's possession. The local law enforcement agency shall exercise due care to preserve the quality and function of the abusing party's firearms and shall return the firearms to the person upon request after the expiration of the prohibiting time period, provided the person is not otherwise prohibited from possessing firearms under state or federal law. The local law enforcement agency shall, upon written notice from the person, transfer the firearms to a federally licensed firearms dealer or a third party who may lawfully receive them. Before a local law enforcement agency transfers a firearm under this paragraph, the agency shall require the party receiving the firearm to submit an affidavit that complies with the requirements for affidavits established in paragraph (g). The agency shall file all affidavits received with the court. The court shall seal all affidavits filed pursuant to this paragraph. A law enforcement agency may establish policies for disposal of abandoned firearms, provided such policies require that the person be notified via certified mail prior to disposal of abandoned firearms."

Page 10, line 1, delete "paragraph (d)" and insert "paragraphs (d) and (g)"

Page 11, delete line 3 and insert "within two business days of the firearms transfer. The court shall seal affidavits and proofs of transfer filed pursuant to this paragraph."

Page 11, before line 4, insert:

"(g) Prior to being released from custody, the court shall determine if the person poses an imminent risk of causing another person substantial bodily harm. Upon a finding of imminent risk, the court shall order that the local law enforcement agency take immediate possession of all firearms in the person's possession. The local law enforcement agency shall exercise due care to preserve the quality and function of the abusing party's firearms and shall return the firearms to the person upon request after the expiration of the prohibiting time period, provided the person is not otherwise prohibited from possessing firearms under state or federal law. The local law enforcement agency shall, upon written notice from the person, transfer the firearms to a federally licensed firearms dealer or a third party who may lawfully receive them. Before a local law enforcement agency transfers a firearm under this paragraph, the agency shall require the party receiving the firearm to submit an affidavit that complies with the requirements for affidavits established in paragraph (f). The agency shall file all affidavits received with the court. The court shall seal all affidavits filed pursuant to this paragraph. A law enforcement agency may establish policies for disposal of abandoned firearms, provided such policies require that the person be notified via certified mail prior to disposal of abandoned firearms."

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 859, 1082, 2201, 2386, 2463, 2481, 2574, 2733, 2767, 2854, 2928, 2958, 3017, 3027 and 3238 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 1737 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Garofalo and Torkelson introduced:

H. F. No. 3316, A bill for an act relating to water; modifying groundwater appropriation permit requirements; amending Minnesota Statutes 2012, section 103G.287, subdivision 2.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Davids introduced:

H. F. No. 3317, A bill for an act relating to taxation; individual income; allowing a subtraction for Social Security benefits; amending Minnesota Statutes 2013 Supplement, sections 290.01, subdivision 19b; 290.091, subdivision 2.

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

Drazkowski and McDonald introduced:

H. F. No. 3318, A bill for an act relating to public safety; providing for the right to carry a firearm without a permit; providing for penalties; amending Minnesota Statutes 2012, sections 624.714, by adding a subdivision; 624.7142, subdivisions 5, 6; 624.7143, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 624; repealing Minnesota Statutes 2012, section 624.714, subdivisions 1a, 1b, 9, 11a, 13.

The bill was read for the first time and referred to the Committee on Public Safety Finance and Policy.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 2665, A bill for an act relating to the military; removing obsolete, redundant, and unnecessary laws related to military affairs; repealing Minnesota Statutes 2012, sections 192.12; 192.15; 192.16; 192.21; 192.42.

JOANNE M. ZOFF, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 2004.

JOANNE M. ZOFF, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2004, A bill for an act relating to human services; modifying appropriations to the commissioner of human services for grant programs; amending Laws 2013, chapter 108, article 14, section 2, subdivision 6, as amended.

The bill was read for the first time.

Huntley moved that S. F. No. 2004 and H. F. No. 2655, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

MOTIONS AND RESOLUTIONS

Winkler moved that the name of Persell be added as an author on H. F. No. 605. The motion prevailed.

Lillie moved that the name of Falk be added as an author on H. F. No. 1452. The motion prevailed.

Abeler moved that his name be stricken as an author on H. F. No. 2402. The motion prevailed.

Mariani moved that the names of Bly; Johnson, S., and Fischer be added as authors on H. F. No. 2493. The motion prevailed.

Sawatzky moved that the name of Gruenhagen be added as an author on H. F. No. 2568. The motion prevailed.

Hausman moved that her name be stricken as an author on H. F. No. 2842. The motion prevailed.

Barrett moved that the names of Erickson, S.; McDonald; Runbeck; Benson, M., and Dettmer be added as authors on H. F. No. 3106. The motion prevailed.

Fischer moved that the name of Slocum be added as an author on H. F. No. 3196. The motion prevailed.

Hoppe moved that the name of Dettmer be added as an author on H. F. No. 3306. The motion prevailed.

ADJOURNMENT

Persell moved that when the House adjourns today it adjourn until 3:00 p.m., Monday, March 31, 2014. The motion prevailed.

Persell moved that the House adjourn. The motion prevailed, and Speaker pro tempore Hortman declared the House stands adjourned until 3:00 p.m., Monday, March 31, 2014.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

