STATE OF MINNESOTA

EIGHTY-NINTH SESSION — 2015

THIRTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 14, 2015

The House of Representatives convened at 9:00 a.m. and was called to order by Kurt Daudt, Speaker of the House.

Prayer was offered by the Reverend Hans Jorgensen, St. Timothy Lutheran Church, St. Paul, Minnesota.

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

The roll was called and the following members were present:

Albright	Dettmer	Hilstrom	Loeffler	Norton	Simonson
Anderson, P.	Dill	Hoppe	Lohmer	O'Driscoll	Slocum
Anderson, S.	Drazkowski	Hornstein	Loon	O'Neill	Smith
Anzelc	Erhardt	Hortman	Loonan	Pelowski	Sundin
Applebaum	Erickson	Howe	Lucero	Peppin	Swedzinski
Atkins	Fabian	Isaacson	Lueck	Persell	Theis
Backer	Fenton	Johnson, B.	Mahoney	Petersburg	Thissen
Baker	Fischer	Johnson, C.	Marquart	Peterson	Torkelson
Barrett	Franson	Johnson, S.	Masin	Pierson	Uglem
Bennett	Freiberg	Kahn	McDonald	Pinto	Urdahl
Bernardy	Garofalo	Kelly	McNamara	Pugh	Vogel
Bly	Green	Kiel	Melin	Quam	Wagenius
Carlson	Gruenhagen	Knoblach	Metsa	Rarick	Ward
Christensen	Gunther	Koznick	Miller	Rosenthal	Whelan
Clark	Hackbarth	Kresha	Moran	Runbeck	Wills
Considine	Hamilton	Laine	Mullery	Sanders	Winkler
Cornish	Hancock	Lenczewski	Nash	Schoen	Yarusso
Daniels	Hansen	Lesch	Nelson	Schomacker	Youakim
Davids	Hausman	Liebling	Newberger	Schultz	Zerwas
Dean, M.	Heintzeman	Lien	Newton	Scott	Spk. Daudt
Dehn, R.	Hertaus	Lillie	Nornes	Selcer	

A quorum was present.

Allen; Anderson, M.; Davnie; Halverson; Mack; Mariani; Murphy, E.; Murphy, M., and Poppe 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.

Pinto was excused for the remainder of today's session.

REPORTS OF CHIEF CLERK

S. F. No. 107 and H. F. No. 210, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

Zerwas moved that S. F. No. 107 be substituted for H. F. No. 210 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 857 and H. F. No. 805, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

Youakim moved that S. F. No. 857 be substituted for H. F. No. 805 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1218 and H. F. No. 1972, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Schomacker moved that S. F. No. 1218 be substituted for H. F. No. 1972 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1444 and H. F. No. 1472, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

O'Driscoll moved that S. F. No. 1444 be substituted for H. F. No. 1472 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Knoblach from the Committee on Ways and Means to which was referred:

H. F. No. 321, A bill for an act relating to health occupations; providing for an interstate medical licensure compact project; proposing coding for new law in Minnesota Statutes, chapter 147.

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

The report was adopted.

Knoblach from the Committee on Ways and Means to which was referred:

H. F. No. 385, A bill for an act relating to business organizations; modifying conversion provisions; amending Minnesota Statutes 2014, sections 66A.02, subdivision 4; 302A.011, subdivisions 19, 22, 63, 64, 68, by adding a subdivision; 302A.471, subdivision 1; 302A.691; 302A.692; 322B.03, subdivision 37, by adding subdivisions;

322B.383, subdivision 1; 322C.0105, subdivision 2, by adding a subdivision; 322C.0110, subdivisions 4, 7; 322C.0201, subdivision 2; 322C.0203, subdivision 1; 322C.0404, subdivision 1; 322C.0407, subdivisions 1, 4; 322C.0408, subdivision 6; 322C.0410, subdivision 2; 322C.0502, subdivision 4; 322C.0902; 322C.1001, subdivisions 11, 12; 322C.1007; 322C.1009; 322C.1101, subdivision 5; 322C.1204, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 302A; 322B; repealing Minnesota Statutes 2014, sections 302A.681; 302A.683; 302A.685; 302A.687; 302A.689; 322B.78; Laws 2014, chapter 157, article 2, sections 10; 11; 12; 13; 14; 15; 16; 30.

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

The report was adopted.

Knoblach from the Committee on Ways and Means to which was referred:

H. F. No. 610, A bill for an act relating to transportation; motor vehicles; providing for registration of towed recreational vehicles on a three-year cycle; amending Minnesota Statutes 2014, section 168.013, subdivision 1g.

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

The report was adopted.

Garofalo from the Committee on Job Growth and Energy Affordability Policy and Finance to which was referred:

H. F. No. 843, A bill for an act relating to economic development; appropriating money for the Departments of Employment and Economic Development, Labor and Industry, and Commerce; the Bureau of Mediation Services; Housing Finance Agency; Explore Minnesota Tourism; Boards of Accountancy, AELSLAGID, Cosmetologist Examiners, and Barber Examiners; Workers' Compensation Court of Appeals; and Public Utilities Commission; making policy and technical changes; modifying fees; providing penalties; requiring reports; modifying data sharing; amending Minnesota Statutes 2014, sections 16C.144, by adding subdivisions; 45.0135, subdivision 7; 115C.09, subdivision 1; 116J.8738, subdivision 3, by adding a subdivision; 216B.62, subdivisions 2, 3b, by adding a subdivision; 268.035, subdivisions 6, 21b, 26, 30; 268.051, subdivision 7; 268.07, subdivisions 2, 3b; 268.085, subdivisions 1, 2; 268.095, subdivisions 1, 10; 268.105, subdivisions 3, 7; 268.136, subdivision 1; 268.194, subdivision 1; 325F.71, subdivisions 1, 2; 326B.092, subdivision 7; 326B.096; 326B.986, subdivisions 5, 8; 341.321; 609.2335, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapters 116L; 268A; proposing coding for new law as Minnesota Statutes, chapter 45A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. **JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	2016	**2017**	**Total**
General	$157,974,000	$165,171,000	$323,145,000
Workforce Development	33,732,000	30,165,000	63,897,000

Remediation	700,000	700,000	1,400,000
Workers' Compensation	27,325,000	29,325,000	56,650,000
Special Revenue	35,648,000	36,110,000	71,758,000
Petroleum Tank Release	1,052,000	1,052,000	2,104,000
Total	**$256,431,000**	**$262,523,000**	**$518,954,000**

Sec. 2. **JOBS AND ECONOMIC DEVELOPMENT.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017.

	APPROPRIATIONS Available for the Year Ending June 30	
	2016	**2017**
Sec. 3. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**		
Subdivision 1. **Total Appropriation**	**$93,432,000**	**$101,069,000**

Appropriations by Fund

	2016	2017
General	60,029,000	71,233,000
Remediation	700,000	700,000
Workforce Development	32,703,000	29,136,000

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

Subd. 2. **Business and Community Development**	33,666,000	44,870,000

Appropriations by Fund

General	32,281,000	43,485,000
Remediation	700,000	700,000
Workforce Development	685,000	685,000

(a) $8,000,000 in fiscal year 2016 and $15,000,000 in fiscal year 2017 are for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner may use up to three percent for administrative expenses and technology updates. This appropriation is available until expended.

(1) Of the amount appropriated in fiscal year 2016, $2,000,000 is for a loan to construct a $10,000,000 aircraft manufacturing facility. Funds available under this section may be used for purchases of materials and supplies made from July 1, 2015, through June 30, 2016, which are directly related to the construction of the aircraft manufacturing facility. The loan under this clause is not subject to the limitations under Minnesota Statutes, section 116J.8731, subdivision 5. The commissioner shall forgive the loan after verification that the project has satisfied performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731, subdivision 7. The amount available under this clause is available until expended.

(2) Of the amount appropriated in fiscal year 2016, $2,000,000 is for grants to cities for broadband infrastructure and other eligible expenses, as identified in Minnesota Statutes, section 116J.395, subdivision 2, for a wire-line broadband infrastructure demonstration project that is part of a public-private partnership.

(3) In order to be awarded the broadband infrastructure grant under clause (2), a city must demonstrate:

(i) funding from nonstate sources that matches the amount appropriated in clause (2);

(ii) broadband service outages of 12 hours or more in the area within its jurisdiction;

(iii) a decline in the number of businesses in the area within its jurisdiction, as a result of the lack of adequate broadband service; and

(iv) an agreement that the city will own the broadband infrastructure as part of the public-private partnership.

(4) The commissioner of employment and economic development must award the broadband infrastructure grant under clause (2) before September 1, 2015.

(b) $7,500,000 in fiscal year 2016 and $12,500,000 in fiscal year 2017 are for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended.

(c) $1,272,000 each year is from the general fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(d) $700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(e) $1,425,000 each year is from the general fund for the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the business development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(f) $4,195,000 each year is from the general fund for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until expended.

(g) $1,000,000 each year is from the general fund for a grant to Enterprise Minnesota, Inc. Of this amount, $750,000 each year is for the small business growth acceleration program under Minnesota Statutes, section 116O.115, and $250,000 each year is for operations and administration.

(h) $150,000 each year is from the general fund for the Center for Rural Policy and Development.

(i) $1,373,000 in fiscal year 2016 is for the workforce housing grants pilot program in Laws 2014, chapter 308, article 6, section 14. This appropriation is onetime and is available until June 30, 2018. The commissioner of employment and economic development may use up to five percent for administrative costs.

(j) $2,500,000 in fiscal year 2016 and $2,500,000 in fiscal year 2017 are from the general fund for grants for the workforce housing development program in Minnesota Statutes, section 116J.549. Of these amounts, the commissioner may use up to five percent for administrative expenses. The appropriations in fiscal years 2016 and 2017 are available until June 30, 2018.

(k) $200,000 in fiscal year 2016 and $200,000 in fiscal year 2017 are from the general fund for a grant to develop and implement a southern and southwestern Minnesota initiative foundation collaborative pilot project. Funds available under this section must be used to support and develop entrepreneurs in diverse populations in southern and southwestern Minnesota. This is a onetime appropriation.

(l) $750,000 in fiscal year 2016 and $1,500,000 in fiscal year 2017 are from the general fund for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. Funds available under this paragraph

may be used for site preparation of property owned and to be used by private entities. The base for this program is $2,000,000 each year beginning in fiscal year 2018.

(m) $173,000 in fiscal year 2016 is from the general fund for the innovation voucher pilot program under Laws 2014, chapter 312, article 2, section 2, subdivision 2, paragraph (j). This is a onetime appropriation.

(n) $300,000 in fiscal year 2016 and $300,000 in fiscal year 2017 are from the workforce development fund to the commissioner of employment and economic development for a grant to the small business development center hosted at Minnesota State University, Mankato, for a collaborative initiative with the Regional Center for Entrepreneurial Facilitation. Funds available under this paragraph must be used to provide entrepreneur and small business development direct professional business assistance services in the following counties in Minnesota: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Watonwan, and Waseca. For the purposes of this paragraph, "direct professional business assistance services" must include, but is not limited to, pre-venture assistance for individuals considering starting a business. This appropriation is not available until the commissioner determines that an equal amount is committed from nonstate sources. Any balance in the first year does not cancel and is available for expenditure in the second year. Grant recipients shall report to the commissioner by February 1 of each year and include information on the number of customers served in each county; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates in each county. By April 1 of each year, the commissioner shall report the information submitted by grant recipients to the chairs of the standing committees of the house of representatives and the senate having jurisdiction over economic development issues. This is a onetime appropriation. This language does not expire.

(o) $385,000 in fiscal year 2016 and $385,000 in fiscal year 2017 are from the workforce development fund for grants to the Neighborhood Development Center. Of this amount, $300,000 is for training, lending and business services for aspiring business owners, and expansion of services for immigrants in suburban communities; and $85,000 is for Neighborhood Development Center model outreach and training activities in greater Minnesota. This is a onetime appropriation.

Subd. 3. **Workforce Development**		21,188,000	17,621,000
Appropriations by Fund			
General	1,000,000	1,000,000	
Workforce Development	20,188,000	16,621,000	

(a) $3,283,000 each year is from the workforce development fund for the adult workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the adult workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(b) $3,500,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(c) $1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

(d) $200,000 each year is from the workforce development fund for a grant to Minnesota Diversified Industries, Inc., to provide progressive development and employment opportunities for people with disabilities.

(e) $2,848,000 each year is from the workforce development fund for the youth workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(f) $1,500,000 each year is from the workforce development fund for a grant to FastTRAC - Minnesota Adult Careers Pathways Program for low-skilled, low-income adults. Up to ten percent of this appropriation may be used to provide leadership, oversight, and technical assistance services.

(g) $650,000 each year is from the workforce development fund for the Opportunities Industrialization Center (OIC) programs. Of this appropriation, $500,000 each year shall be divided equally among the eligible centers. Of this appropriation, $75,000 each year is for the East Metro OIC in St. Paul and $75,000 each year is for the Northwest Indian OIC in Bemidji. This is a onetime appropriation.

(h) $850,000 each year is from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth jobs skills development. This project, which may have career guidance components, including health and life skills, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job-site knowledge through coaching. This grant requires a 25 percent match from nonstate resources. This is a onetime appropriation.

(i) $500,000 each year is from the general fund for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.4011, and for programs in the workforce service areas to combine career and higher education advising.

(j) $250,000 each year is from the workforce development fund for a grant to Big Brothers Big Sisters of the Greater Twin Cities for workforce readiness, employment exploration, and skills development for youth ages 12 to 21. The grant must serve youth in the Twin Cities, central Minnesota and southern Minnesota Big Brothers Big Sisters chapters. This is a onetime appropriation.

(k) $900,000 in fiscal year 2016 and $1,100,000 in fiscal year 2017 are from the workforce development fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students in their field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in the seven-county metropolitan area, having fewer than 150 total employees; or at small or medium, for-profit companies located outside of the seven-county metropolitan area, having fewer than 250 total employees. At least 200 students must be matched in the first year and at least 250 students must be matched in the second year. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at $2,500 per intern. The program must work toward increasing the participation among women or other underserved populations.

(l) $500,000 each year is from the workforce development fund for a grant to Resource, Inc. to provide low-income individuals career education and job skills training that are fully integrated with chemical and mental health services.

(m) $140,000 each year is from the workforce development fund for a grant to the St. Cloud Area Somali Salvation Organization for youth development and crime prevention activities. Grant funds may be used to train and place mentors in elementary and secondary schools; for athletic, social, and other activities to foster leadership development; to provide a safe place for participating youth to gather after school, on weekends, and on holidays; and activities to improve the organizational and job readiness skills of participating youth.

(n) $200,000 in fiscal year 2016 is from the workforce development fund for the uniform outcome report card requirements under Minnesota Statutes, section 116L.98. This is a onetime appropriation.

(o) $500,000 in fiscal year 2016 and $500,000 in fiscal year 2017 are from the general fund for job training grants under Minnesota Statutes, section 116L.42.

(p) $2,000,000 in fiscal year 2016 is from the workforce development fund for adult workforce employment and training activities administered by workforce service areas. Funds available under this paragraph must be used by workforce service areas in the same manner as provided for under Public Law 113-128, sections 133 and 134. Of the amount available under this paragraph, $500,000 is for workforce service area number 1, $1,000,000 is for workforce service area number 2, and $500,000 is for workforce service area number 6. This is a onetime appropriation.

(q) $517,000 in fiscal year 2016 is from the workforce development fund for a grant to YWCA St. Paul for training and job placement assistance, including commercial driver's license training, through the job placement and retention program. This is a onetime appropriation.

(r) $450,000 in fiscal year 2016 and $450,000 in fiscal year 2017 are from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals. This is a onetime appropriation.

(s) $350,000 in fiscal year 2016 and $350,000 in fiscal year 2017 are from the workforce development fund for the urban initiative loan program in Minnesota Statutes, section 116M.18. This is a onetime appropriation.

(t) $250,000 in fiscal year 2016 is from the workforce development fund for the foreign-trained health care professionals grant program modeled after the pilot program conducted under Laws 2006, chapter 282, article 11, section 2, subdivision 12, to encourage state licensure of foreign-trained health care professionals, including: physicians, with preference given to primary care physicians who commit to practicing for at least five years after licensure in underserved areas of the state; nurses; dentists; pharmacists; mental health professionals; and other allied health care professionals. The commissioner must collaborate with health-related licensing boards and Minnesota workforce centers to award grants to foreign-trained health care professionals sufficient to cover the actual costs of taking a course to prepare health care professionals for required licensing examinations and the fee for the state licensing examinations. When awarding grants, the commissioner must consider the following factors:

(1) whether the recipient's training involves a medical specialty that is in high demand in one or more communities in the state;

(2) whether the recipient commits to practicing in a designated rural area or an underserved urban community, as defined in Minnesota Statutes, section 144.1501;

(3) whether the recipient's language skills provide an opportunity for needed health care access for underserved Minnesotans; and

(4) any additional criteria established by the commissioner.

This is a onetime appropriation and is available until expended.

(u) $800,000 in fiscal year 2016 is from the workforce development fund for the customized training program for manufacturing industries under Minnesota Statutes, section 116L.65. This is a onetime appropriation and is available in either year of the biennium. Of this amount:

(1) $350,000 is for a grant to Central Lakes College for the purposes of this paragraph;

(2) $250,000 is for Minnesota West Community and Technical College for the purposes of this paragraph; and

(3) $200,000 is for South Central College for the purposes of this paragraph.

Subd. 4. **General Support Services** 1,362,000 1,362,000

(a) $875,000 each year is for the Olmstead Implementation Office.

(b) $150,000 in fiscal year 2016 is appropriated from the energy fund account established in Minnesota Statutes, section 116C.779, to the commissioner of employment and economic development for the purpose of conducting the public power authority study in article 11.

Subd. 5. **Minnesota Trade Office** 1,972,000 1,972,000

(a) $300,000 each year is for the STEP grants in Minnesota Statutes, section 116J.979.

(b) $180,000 each year is for the Invest Minnesota Marketing Initiative in Minnesota Statutes, section 116J.9781.

Subd. 6. **Vocational Rehabilitation** 29,319,000 29,319,000

Appropriations by Fund

General	17,489,000	17,489,000
Workforce Development	11,830,000	11,830,000

(a) $10,800,000 each year is from the general fund for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) $2,261,000 each year is from the general fund for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(c) $2,873,000 each year from the general fund and $10,830,000 each year from the workforce development fund is for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. For the allocation of funds under this paragraph and for the purposes of sections 268A.03, clause (1); 268A.06; 268A.085; and 268A.15, a "community rehabilitation provider" or "facility" means a nonprofit or public entity that provides at least one extended employment subprogram for persons with the most significant disabilities.

(d) $1,555,000 each year is from the general fund for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

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

Subd. 7. **Services for the Blind**	5,925,000	5,925,000

Subd. 8. **Competitive grant limitations.**

An organization that receives a direct appropriation under this section is not eligible to participate in competitive grant programs under this section during the fiscal years in which the direct appropriations are received.

Sec. 4. **HOUSING FINANCE AGENCY**

Subdivision 1. **Total Appropriation**	**$43,775,000**	**$43,775,000**

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

(b) 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.

(c) The Housing Finance Agency must make continuous improvements to its ongoing efforts to reduce the racial and ethnic inequalities in home-ownership rates and must seek opportunities to deploy increasing levels of resources toward these efforts.

Subd. 2. **Challenge Program** 10,425,000 10,425,000

(a) This appropriation is from the general fund for transfer to the housing development fund 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.

(b) Of this amount, $5,213,000 each year is for loans and grants for workforce housing in communities that:

(1) have an average vacancy rate for rental housing of five percent or less for the preceding two years;

(2) propose to build market rate residential rental properties that do not have federal or state law requirements for income limits and that are not proposing to use federal, state, or local flood recovery assistance;

(3) are located outside of the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, and have a population greater than 500 people; and

(4) have a written statement provided by a business or businesses located in the city or within 25 miles of the city where the project is proposed that employs a minimum of 20 full-time equivalent employees in aggregate indicating that the lack of available rental housing has impeded their ability to recruit and hire employees.

On July 15, 2017, any remaining balance of appropriations under this paragraph that are unobligated on July 1, 2017, is transferred from the housing development fund to the general fund. By January 15 of each fiscal year, the commissioner must submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over housing finance and economic development specifying the selection criteria of awarding grants and loans, the projects that received funding under this paragraph, and how the funds are being used.

(c) Notwithstanding Minnesota Statutes, section 462A.33, loans and grants made in paragraph (b) for workforce housing shall not be subject to the requirements in Minnesota Statutes, section 462A.33, subdivision 3 or 5, except that preference may be given to proposals that include contributions from nonstate resources for

the greatest portion of the total development cost. Notwithstanding Minnesota Statutes, section 462A.33, the limitations on return of eligible mortgagors under Minnesota Statutes, section 462A.03, subdivision 13, do not apply to loans and grants under paragraph (b) or loans or grants for targeted workforce housing under this section. Notwithstanding any other law, nothing shall prevent the award of grants or loans in this section from being used to finance new modular homes, new manufactured homes, and new manufactured homes on leased land or in a manufactured home park.

(d) Of this amount, $2,606,000 each year is for economic development and housing challenge program grants and loans for housing projects outside of the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2.

(e) Of this amount, $2,606,000 each year is for economic development and housing challenge program grants and loans for housing projects in the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

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

(g) The commissioner of housing finance must increase administrative support offered by the agency to assist smaller communities to improve access to grants and loans made using funds from the economic development and housing challenge program and to create and implement a streamlined review and awards process that allows smaller communities to use the resources available to them to complete applications and comply with program requirements. The commissioner must increase outreach to communities outside the metropolitan area that have low vacancy rates and report back on the progress of assisting these communities to the chairs and ranking minority members of the standing committees of the senate and house of representatives having jurisdiction over housing finance and economic development by December 1, 2015.

Subd. 3. **Housing Trust Fund** 10,276,000 10,276,000

This appropriation is for deposit in the housing trust fund account created under Minnesota Statutes, section 462A.201, and may be used for the purposes provided in that section. To the extent that these funds are used for the acquisition of housing, the agency shall give priority among comparable projects to projects that focus on creating safe and stable housing for homeless youth or projects that provide housing to trafficked women and children.

Subd. 4. **Rental Assistance for Mentally Ill**	2,838,000	2,838,000

This appropriation is for the rental housing assistance program under Minnesota Statutes, section 462A.2097.

Subd. 5. **Family Homeless Prevention**	7,862,000	7,862,000

This appropriation is for the family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204.

Subd. 6. **Home Ownership Assistance Fund**	830,000	830,000

This appropriation is for the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8. The agency shall continue to strengthen its efforts to address the disparity gap in the homeownership rate between white households and indigenous American Indians and communities of color.

Subd. 7. **Affordable Rental Investment Fund**	4,218,000	4,218,000

(a) This appropriation is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity takeout loans under Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

(c) This appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties. For purposes of this subdivision, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

Subd. 8. **Housing Rehabilitation**	2,772,000	2,772,000

This appropriation is for housing assistance for the rehabilitation of single-family homes under the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14.

Subd. 9. **Rental Rehabilitation**	3,138,000	3,138,000

This appropriation is for the rental housing rehabilitation loan program under Minnesota Statutes, section 462A.05, subdivision 14.

Subd. 10. **Homeownership Education, Counseling, and Training**	791,000	791,000

This appropriation is for the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209. Priority may be given to funding programs that are aimed at culturally specific groups who are providing services to members of their communities.

Subd. 11. **Capacity Building Grants**	375,000	375,000

This appropriation is for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b.

Subd. 12. **Grants**	250,000	250,000

(a) $250,000 in fiscal year 2016 and $250,000 in fiscal year 2017 are from the general fund to the commissioner of housing finance for the competitive grants program under paragraph (b).

(b) The commissioner of housing finance shall establish a competitive grant program to serve women and children at risk of being homeless who have been victims of domestic violence, sexual assault, human trafficking, international abusive marriage, or a forced marriage. The commissioner shall award grants to nonprofits that have a plan to partner with an organization that can provide appropriate services. Priority shall be given to programs that can provide linguistically and culturally appropriate services and that have the capacity to serve immigrant women and children. At least one grant must be to a program that serves an area outside of the seven-county metropolitan area. The grant recipients must:

(1) provide rental assistance to pregnant women or women who have custody over a minor child at risk of being homeless and who are victims of domestic violence, sexual assault, human trafficking, an international abusive marriage, or a forced marriage;

(2) require the participant to pay 30 percent of the participant's income toward the rent;

(3) allow the families to choose their own housing, including single-family homes, townhomes, and apartments;

(4) give priority to families with more than four children and to heads of households who are recent immigrants or refugees and who have limited English proficiency;

(5) provide rental assistance for up to 24 months;

(6) provide linguistically and culturally appropriate advocacy and supportive services or partner with a program that can provide appropriate services; and

(7) require participants in the program to actively seek employment or participate in activities that will assist them in gaining future employment.

(c) For the purposes of this subdivision, "supportive services" may include educational, social, legal advocacy, child care, employment assistance, money management, mental health, health care, or other services.

(d) By July 15, 2015, the remaining balance of appropriations in Laws 2012, First Special Session chapter 1, article 1, section 7, for the economic development and housing challenge program that is unobligated to loans to homeowners or rental property owners as of June 30, 2015, estimated to be $400,000, is canceled to the general fund.

Sec. 5. **EXPLORE MINNESOTA TOURISM** **$14,888,000** **$15,888,000**

To develop maximum private sector involvement in tourism, $500,000 in fiscal year 2016 and $500,000 in fiscal year 2017 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" means revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The incentive in fiscal year 2016 shall be based on fiscal year 2015 private sector contributions. The incentive in fiscal year 2017 shall be based on fiscal year 2016 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.

Appropriations made under this section are available until expended. Funds unexpended on June 30 of each odd-numbered year must be deposited in a special marketing account for use by Explore Minnesota Tourism for additional marketing activities.

Sec. 6. **DEPARTMENT OF LABOR AND INDUSTRY**

Subdivision 1. **Total Appropriation**	**$27,660,000**	**$29,478,000**

Appropriations by Fund

	2016	2017
General	1,760,000	1,578,000
Workers' Compensation	24,871,000	26,871,000
Workforce Development	1,029,000	1,029,000

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

Subd. 2. **Workers' Compensation**	14,678,000	16,678,000

(a) This appropriation is from the workers' compensation fund.

(b)(1) $4,000,000 in fiscal year 2016 and $6,000,000 in fiscal year 2017 are for workers' compensation system upgrades. The base appropriation for this purpose is $3,000,000 in fiscal year 2018 and $3,000,000 in fiscal year 2019. The base appropriation for fiscal year 2020 and beyond is zero.

(2) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs must be incorporated into the service level agreement and must be paid to the Office of MN.IT Services by the commissioner of labor and industry under the rates and mechanism specified in that agreement.

Subd. 3. **Labor Standards and Apprenticeship**	2,659,000	2,607,000

Appropriations by Fund

General	1,630,000	1,578,000
Workforce Development	1,029,000	1,029,000

(a) $766,000 each year is from the general fund for the labor standards and apprenticeship program.

(b) $150,000 each year is from the general fund for a child labor initiative for expanding education and outreach to high schools and targeted industries to ensure minors entering the workforce are safe.

(c) $879,000 each year is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178, and includes $100,000 each year for labor education and advancement program grants and to expand and promote registered apprenticeship training in nonconstruction trade programs.

(d) $150,000 each year is from the workforce development fund for prevailing wage enforcement.

(e) $100,000 each year is from the general fund for wage enforcement.

(f) $100,000 each year is from the general fund for compliance and enforcement activities under Laws 2014, chapter 239, article 4, section 10.

(g) $409,000 in fiscal year 2016 and $399,000 in fiscal year 2017 are from the general fund for the identification of competency standards under Minnesota Statutes, section 175.45.

(h) $105,000 in fiscal year 2016 and $63,000 in fiscal year 2017 are from the general fund for implementation and administration of legislation styled as H. F. No. 1027 if enacted during the 2015 legislative session.

Subd. 4. **Workplace Safety** 4,154,000 4,154,000

This appropriation is from the workers' compensation fund.

Subd. 5. **General Support** 6,039,000 6,039,000

This appropriation is from the workers' compensation fund.

Subd. 6. **Construction Codes and Services** 130,000 0

$130,000 in fiscal year 2016 is for rulemaking under Minnesota Statutes, section 326B.118. This is a onetime appropriation.

Sec. 7. **BUREAU OF MEDIATION SERVICES** **$1,733,000** **$1,733,000**

$68,000 each year is for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

Sec. 8. **WORKERS' COMPENSATION COURT OF APPEALS** **$1,703,000** **$1,703,000**

This appropriation is from the workers' compensation fund.

Sec. 9. **DEPARTMENT OF COMMERCE**

Subdivision 1. **Total Appropriation** **$66,979,000** **$62,966,000**

Appropriations by Fund

	2016	2017
General	30,236,000	25,525,000
Special Revenue	34,940,000	35,640,000
Petroleum Tank	1,052,000	1,052,000
Workers' Compensation	751,000	751,000

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

Subd. 2. **Financial Institutions** 4,885,000 4,885,000

$142,000 each year is from the general fund for the regulation of mortgage originators and servicers under Minnesota Statutes, chapters 58 and 58A.

Subd. 3. **Petroleum Tank Release Compensation Board** 1,052,000 1,052,000

This appropriation is from the petroleum tank fund.

Subd. 4. **Administrative Services** 5,940,000 5,440,000

$500,000 in fiscal year 2016 is from the general fund for a grant for a pay-for-performance contract with a vendor who will facilitate the return of abandoned property to owners. The vendor must receive up to seven percent of the value of the abandoned property, up to $500,000, when such abandoned property is returned to its owner. This is a onetime appropriation.

Subd. 5. **Telecommunications** 1,873,000 1,798,000

Appropriations by Fund

General	633,000	558,000
Special Revenue	1,240,000	1,240,000

$1,240,000 in fiscal year 2016 and $1,240,000 in fiscal year 2017 are appropriated to the commissioner from the telecommunication access fund for the following transfers:

(1) $800,000 in fiscal year 2016 and $800,000 in fiscal year 2017 are to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans;

(2) $290,000 in fiscal year 2016 and $290,000 in fiscal year 2017 are to the chief information officer for the purpose of coordinating technology accessibility and usability;

(3) $100,000 in fiscal year 2016 and $100,000 in fiscal year 2017 are to the Legislative Coordinating Commission for captioning of legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281; and

(4) $50,000 in fiscal year 2016 and $50,000 in fiscal year 2017 are to the Office of MN.IT Services for a consolidated access fund to provide grants to other state agencies related to accessibility of their Web-based services.

Subd. 6. **Enforcement** 4,340,000 4,211,000

Appropriations by Fund

General	4,142,000	4,013,000.
Workers' Compensation	198,000	198,000

$162,000 in fiscal year 2016 and $33,000 in fiscal year 2017 are from the general fund for rulemaking and administration under Minnesota Statutes, section 80A.461.

Subd. 7. **Energy Resources** 39,974,000 41,665,000

Appropriations by Fund

General	6,274,000	7,265,000.
Special Revenue	33,700,000	34,400,000

(a) $22,000,000 in fiscal year 2016 and $23,000,000 in fiscal year 2017 are from the energy fund account established in Minnesota Statutes, section 116C.779, for the payment of energy rebates and incentives to eligible applicants under Minnesota Statutes, sections 116C.779, subdivision 2, 216C.417, 216C.418, and 216C.419, and to reimburse the reasonable costs of the Department of Commerce to administer those programs.

(b) $400,000 in fiscal year 2016 and $400,000 in fiscal year 2017 are from the energy fund account under Minnesota Statutes, section 116C.779, for a grant to a Minnesota-based nonprofit with demonstrated expertise and capability in energy efficiency, energy technology research, and conservation improvement program delivery to establish and operate an energy technology business accelerator. The grant recipient must match at least $100,000 of the grant amount each year with cash or in-kind contributions. Any balance remaining in fiscal year 2016 does not cancel, but is available in fiscal year 2017.

(c) The accelerator established using grant funds in paragraph (a) shall identify, research, test, evaluate, and incubate innovative energy technologies, systems, and platforms that may be the basis for new cost-effective programs or to improve existing programs offered by public, municipal, and cooperative utilities subject to Minnesota Statutes, section 216B.241. The grant recipient shall consult with experts from Minnesota utilities, the Department of Commerce, and national energy institutions in the selection of technologies to be evaluated, and, in order to ensure independent evaluation, may not accept funds or other consideration from technology vendors. The technologies to be evaluated may include but are not limited to customer engagement platforms, building and equipment design, data feedback systems, and advanced metering and billing. The focus of the accelerator must be on energy technologies, systems, and platforms developed by Minnesota and regionally based companies, to the extent feasible, that improve the efficiency of customer energy use or utility infrastructure.

(d) $3,000,000 in fiscal year 2016 and $4,000,000 in fiscal year 2017 are from the general fund for deposit in the energy fund account established in Minnesota Statutes, section 116C.779.

(e) $5,000,000 in fiscal year 2016 and $5,000,000 in fiscal year 2017 are from the energy fund account established in Minnesota Statutes, section 116C.779, for the payment of rebates to eligible electric vehicle owners under Minnesota Statutes, section 216B.1616.

(f) $6,000,000 in fiscal year 2016 and $6,000,000 in fiscal year 2017 are from the energy fund account established in Minnesota Statutes, section 116C.779, subdivision 1, for the purpose of awarding propane and compressed natural gas vehicle rebates and to pay the reasonable costs incurred by the commissioner of commerce to administer Minnesota Statutes, section 216C.391.

Subd. 8. **Insurance**		3,915,000	3,915,000
Appropriations by Fund			
General	3,362,000	3,362,000	
Workers' Compensation	553,000	553,000	

Subd. 9. **Transfers**

(a) $1,000,000 is transferred to the general fund from the petroleum tank release fund before the closing of fiscal year 2016. This is a onetime transfer.

(b) Notwithstanding Minnesota Statutes, section 216C.416, of the amounts transferred to the solar thermal system rebate account in the special revenue fund in the state treasury in calendar years 2014 and 2015, $300,000 shall be transferred by July 1, 2015, to the commissioner of commerce and are appropriated for the purpose of providing energy conservation and weatherization programs to low-income persons who use propane as a heating fuel. The commissioner of commerce shall disburse the funds transferred in this section in a manner consistent with the requirements of the federal Low-Income Home Energy Assistance Program under United States Code, title 42, sections 8621 to 8630. This is a onetime transfer.

(c) The remaining balance of the appropriation in Laws 2013, chapter 85, article 1, section 13, subdivision 7, for grants to install renewable energy equipment in households under Minnesota Statutes 2013, section 239.101, that is unobligated and unexpended, and is estimated to be $61,000, cancels to the general fund on June 30, 2015.

(d) $61,000 in fiscal year 2016 is from the general fund for transfer to the energy fund account established in Minnesota Statutes, section 116C.779.

Subd. 10. **Propane Prepurchase** 5,000,000 0

(a) $5,000,000 in fiscal year 2015 and $5,000,000 in fiscal year 2016 are appropriated from the general fund for the purpose of prepurchasing propane under Minnesota Statutes, section 216B.0951. Notwithstanding Minnesota Statutes, section 216B.0951, subdivision 1, the commissioner must expend all of the funds before September 1 each year. Propane may not be distributed to customers before October 1 each year.

(b) The commissioner shall reserve $5,000,000 each year from the federal funds transferred to the state for use in the 2015-2016 and 2016-2017 heating seasons under the Low-Income Home Energy Assistance Program and transfer those amounts to the general fund.

Sec. 10. **PUBLIC UTILITIES COMMISSION** **$5,553,000** **$5,441,000**

Sec. 11. **POLLUTION CONTROL AGENCY** **$466,000** **$470,000**

$466,000 in fiscal year 2016 and $470,000 in fiscal year 2017 are from the energy fund account established in Minnesota Statutes, section 116C.779, subdivision 1, for the purposes of completing the plan required under Minnesota Statutes, section 216H.077. This is a onetime appropriation.

Sec. 12. **DEPARTMENT OF ADMINISTRATION** **$92,000** **$0**

$92,000 in fiscal year 2016 is appropriated from the energy fund account established in Minnesota Statutes, section 116C.779, for the purpose of completing the transfer of functions study under article 11.

ARTICLE 2
JOBS AND ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 2014, section 116J.431, subdivision 1, is amended to read:

Subdivision 1. **Grant program established; purpose.** (a) The commissioner shall make grants to counties or cities to provide ~~up to~~ 50 percent of the capital costs of public infrastructure necessary for an eligible economic development project, unless the applicant requests a lesser amount. The county or city receiving a grant must provide for the remainder of the costs of the project, either in cash or in kind. In-kind contributions may include the value of site preparation other than the public infrastructure needed for the project.

(b) The purpose of the grants made under this section is to keep or enhance jobs in the area, increase the tax base, or to expand or create new economic development.

Sec. 2. Minnesota Statutes 2014, section 116J.431, subdivision 6, is amended to read:

Subd. 6. **Maximum grant amount.** A county or city may receive no more than ~~$1,000,000~~ $2,000,000 in two years for one or more projects.

Sec. 3. **[116J.549] WORKFORCE HOUSING DEVELOPMENT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall establish a workforce housing development program to award grants to eligible project areas to be used for qualified expenditures.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Eligible project area" means a home rule charter or statutory city with a population exceeding 500; a community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city; or an area served by a joint county-city economic development authority.

(c) "Joint county-city economic development authority" means an economic development authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between a city and county and excluding those established by the county only.

(d) "Market rate residential rental properties" means properties that are rented at market value, including new modular homes, new manufactured homes, and new manufactured homes on leased land or in a manufactured home park, and excludes:

(1) properties constructed with financial assistance requiring the property to be occupied by residents that meet income limits under federal or state law of initial occupancy; and

(2) properties constructed with federal, state, or local flood recovery assistance, regardless of whether that assistance imposed income limits as a condition of receiving assistance.

(e) "Qualified expenditure" means expenditures for market rate residential rental properties including acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs.

Subd. 3. **Application.** The commissioner shall develop forms and procedures to solicit and review applications for grants under this section. An eligible project area must include in its application information sufficient to verify that it meets the program requirements under this section and any additional evidence of the scarcity of workforce housing in the area that it considers appropriate or that the commissioner requires.

Subd. 4. **Program requirements.** (a) The commissioner must not award a grant to an eligible project area under this section until the following determinations are made:

(1) the average vacancy rate for rental housing located in the eligible project area, and in any other city located within 15 miles or less of the boundaries of the area, has been five percent or less for at least the prior two-year period;

(2) one or more businesses located in the eligible project area, or within 25 miles of the area, that employs a minimum of 20 full-time equivalent employees in aggregate have provided a written statement to the eligible project area indicating that the lack of available rental housing has impeded their ability to recruit and hire employees;

(3) fewer than ten market rate residential rental units per 1,000 residents were constructed in the city in each of the last ten years; and

(4) the eligible project area has certified that the grants will be used for qualified expenditures for the development of rental housing to serve employees of businesses located in the eligible project area or surrounding area.

(b) Preference for grants awarded under this section shall be given to eligible project areas with less than 18,000 people.

Subd. 5. **Allocation.** The amount of a grant under this section must not exceed the lesser of 25 percent of the qualified expenditures for the project or $1,000,000.

Subd. 6. **Report.** By January 15 of the year following the year in which the grant was issued, each eligible project area receiving a grant under this section must submit a report specifying the projects that received grants under this section and the specific purposes for which the grant funds were used to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over jobs and workforce development.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 4. Minnesota Statutes 2014, 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. Application fees are deposited in the greater Minnesota business expansion administration account in the special revenue fund. 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 90 days after its filing. Failure by the commissioner to take action within the 90-day period is deemed approval of the application.

(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 seven-year period beginning on the first day of the calendar month immediately following the date that the commissioner informs the business of the award of the benefit.

EFFECTIVE DATE. This section is effective retroactively from August 1, 2014.

Sec. 5. Minnesota Statutes 2014, section 116J.8738, is amended by adding a subdivision to read:

Subd. 6. **Funds.** Amounts in the greater Minnesota business expansion administration account in the special revenue fund are appropriated to the commissioner of employment and economic development for costs associated with processing applications under subdivisions 3, 4, and 5, and for personnel and administrative expenses related to administering the greater Minnesota business expansion program.

EFFECTIVE DATE. This section is effective retroactively from August 1, 2014.

Sec. 6. Minnesota Statutes 2014, section 116J.8747, subdivision 1, is amended to read:

Subdivision 1. **Grant allowed.** The commissioner may provide a grant to a qualified job training program from money appropriated for the purposes of this section as follows:

(1) a ~~$9,000~~ $11,000 placement grant paid to a job training program upon placement in employment of a qualified graduate of the program; and

(2) a ~~$9,000~~ $11,000 retention grant paid to a job training program upon retention in employment of a qualified graduate of the program for at least one year.

Sec. 7. Minnesota Statutes 2014, section 116J.8747, subdivision 2, is amended to read:

Subd. 2. **Qualified job training program.** To qualify for grants under this section, a job training program must satisfy the following requirements:

(1) the program must be operated by a nonprofit corporation that qualifies under section 501(c)(3) of the Internal Revenue Code;

(2) the program must spend ~~at least~~, on average, $15,000 or more per graduate of the program;

(3) the program must provide education and training in:

(i) basic skills, such as reading, writing, mathematics, and communications;

(ii) thinking skills, such as reasoning, creative thinking, decision making, and problem solving; and

(iii) personal qualities, such as responsibility, self-esteem, self-management, honesty, and integrity;

(4) the program ~~must~~ may provide income supplements, when needed, to participants for housing, counseling, tuition, and other basic needs;

(5) the program's education and training course must last for an average of at least six months;

(6) individuals served by the program must:

(i) be 18 years of age or older;

(ii) have federal adjusted gross income of no more than ~~$11,000~~ $12,000 per year in the calendar year immediately before entering the program;

(iii) have assets of no more than ~~$7,000~~ $10,000, excluding the value of a homestead; and

(iv) not have been claimed as a dependent on the federal tax return of another person in the previous taxable year; and

(7) the program must be certified by the commissioner of employment and economic development as meeting the requirements of this subdivision.

Sec. 8. Minnesota Statutes 2014, section 116L.17, subdivision 4, is amended to read:

Subd. 4. **Use of funds.** Funds granted by the board under this section may be used for any combination of the following, except as otherwise provided in this section:

(1) employment transition services such as developing readjustment plans for individuals; outreach and intake; early readjustment; job or career counseling; testing; orientation; assessment of skills and aptitudes; provision of occupational and labor market information; job placement assistance; job search; job development; prelayoff assistance; relocation assistance; programs provided in cooperation with employers or labor organizations to provide early intervention in the event of plant closings or substantial layoffs; and entrepreneurial training and business consulting;

(2) support services, including assistance to help the participant relocate to employ existing skills; out-of-area job search assistance; family care assistance, including child care; commuting assistance; emergency housing and rental assistance; counseling assistance, including personal and financial; health care; emergency health assistance; emergency financial assistance; work-related tools and clothing; and other appropriate support services that enable a person to participate in an employment and training program with the goal of reemployment;

(3) specific, short-term training to help the participant enhance current skills in a similar occupation or industry; entrepreneurial training, customized training, or on-the-job training; basic and remedial education to enhance current skills; and literacy and work-related English training for non-English speakers; ~~and~~

(4) long-term training in a new occupation or industry, including occupational skills training or customized training in an accredited program recognized by one or more relevant industries. Long-term training shall only be provided to dislocated workers whose skills are obsolete and who have no other transferable skills likely to result in employment at a comparable wage rate. Training shall only be provided for occupations or industries with reasonable expectations of job availability based on the service provider's thorough assessment of local labor market information where the individual currently resides or is willing to relocate. This clause shall not restrict training in personal services or other such industries; and

(5) incumbent worker training.

Sec. 9. Minnesota Statutes 2014, section 116L.20, subdivision 1, is amended to read:

Subdivision 1. **Determination and collection of special assessment.** (a) In addition to amounts due from an employer under the Minnesota unemployment insurance program, each employer, except an employer making reimbursements is liable for a special assessment levied at the rate of ~~.10~~ .08 percent per year on all taxable wages, as

defined in section 268.035, subdivision 24~~, except that effective July 1, 2009, until June 30, 2011, the special assessment shall be levied at a rate of .12 percent per year on all taxable wages as defined in section 268.035, subdivision 24~~. The assessment shall become due and be paid by each employer on the same schedule and in the same manner as other amounts due from an employer under section 268.051, subdivision 1.

(b) The special assessment levied under this section shall be subject to the same requirements and collection procedures as any amounts due from an employer under the Minnesota unemployment insurance program.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 10. **[116L.31] DUAL TRAINING COMPETENCY GRANTS.**

Subdivision 1. **Program created.** The commissioner of employment and economic development shall make grants for the training of employees to achieve the competency standard for an occupation identified by the commissioner of labor and industry under section 175.45 and Laws 2014, chapter 312, article 3, section 21. "Competency standard" has the meaning given in section 175.45, subdivision 2.

Subd. 2. **Eligible grantees.** An employer or an organization representing the employer is eligible to apply for a grant to train employees if the employer has employees who are in, or are to be trained to be in, an occupation for which a competency standard has been identified and the employee has not attained the competency standard prior to the commencement of the planned training. Training need not address all aspects of a competency standard but may address only the competencies of a standard that an employee is lacking. Employees who have previously received a grant under this program are not eligible to receive another grant. Each employee must apply for federal Pell and state grants as a condition of participating in the program.

Subd. 3. **Training institution.** (a) Prior to applying for a grant, an employer or an organization representing the employer must enter into an agreement with a state college or university operated by the Board of Trustees of the Minnesota State Colleges and Universities to provide the employee competency standard training.

(b) For the purposes of this section, "training institution" means an institution operated by the Board of Trustees of the Minnesota State Colleges and Universities or an institution designated by the chancellor of the Minnesota State Colleges and Universities.

Subd. 4. **Contract required.** Prior to the start of a training program, an employer and employee must enter into a contract detailing the terms of the work relationship during and after the training program.

Subd. 5. **Application.** Applications must be made to the commissioner on a form provided by the commissioner. The commissioner must, to the extent possible, make the application form short and simple to complete. The commissioner shall establish a schedule for applications and grants. The application must include, without limitation:

(1) the projected number of employee trainees;

(2) the competency standard for which training will be provided;

(3) any credential the employee will receive upon completion of training;

(4) the name and address of the training institution and a signed statement by the institution that it is able to and agrees to provide the training;

(5) the period of the training; and

(6) the cost of the training charged by the training institution and certified by the institution.

An application may be made for training of employees of multiple employers either by the employers or by an organization on their behalf.

Subd. 6. **Grant criteria.** To the extent there are sufficient applications, the commissioner shall award at least an equal dollar amount of grants for training for employees whose work site is projected to be outside the metropolitan area as defined in section 473.121, subdivision 2, as for employees whose work site is projected to be within the metropolitan area. In determining the award of grants, the commissioner must consider, among other factors:

(1) the aggregate state and regional need for employees with the competency to be trained;

(2) the competency standards developed by the commissioner of labor and industry as part of the Minnesota PIPELINE Project;

(3) the per employee cost of training;

(4) the additional employment opportunities for employees as a result of the training;

(5) projected increases in compensation for employees receiving the training; and

(6) the amount of employer training cost match, on both a per employee and aggregate basis.

Subd. 7. **Employer match.** (a) Employers must pay to the training institution a percentage of a training institution's charge for the training after subtracting federal Pell and state grants for which an employee is eligible. The amount that an employer must pay to the training institution shall be determined as follows:

(1) an employer with greater than or equal to $50,000,000 in annual revenue in the previous calendar year must pay at least 66 percent of the training institution's charge for the training;

(2) an employer with less than $50,000,000 in annual revenue in the previous calendar year but greater than or equal to $20,000,000 in annual revenue in the previous calendar year must pay at least 50 percent of the training institution's charge for the training;

(3) an employer with less than $20,000,000 in annual revenue in the previous calendar year but greater than or equal to $10,000,000 in annual revenue in the previous calendar year must pay at least 33 percent of the training institution's charge for the training; and

(4) an employer with less than $10,000,000 in annual revenue in the previous calendar year must pay at least 20 percent of the training institution's charge for the training.

(b) The match required under this subdivision shall be based solely on the annual revenue of the individual employer without regard to any organization representing the employer.

Subd. 8. **Payment of grant.** The commissioner shall make grant payments to the training institution in a manner determined by the commissioner after receiving notice from the institution that the employer has paid the employer match.

Subd. 9. **Grant amounts.** (a) The commissioner shall determine a maximum amount that may be awarded in a single grant, and a maximum amount that may be awarded per employee trained under a grant. The commissioner shall set the maximum grant amount at a level that ensures sufficient funding will be available for multiple employers. The maximum grant amount per employee trained may not exceed the cost of tuition up to 60 credits.

(b) A grant for a particular employee must be reduced by the amounts of any federal Pell grant or state grant the employee is eligible to receive for the training and the amount of the employer match.

Subd. 10. **Reporting.** Commencing in 2017, the commissioner shall annually by February 1 report on the activity of the grant program for the preceding fiscal year to the chairs of the legislative committees with jurisdiction over workforce policy and finance. At a minimum, the report must include:

(1) research and analysis on the costs and benefits of the grants for employees and employers;

(2) the number of employees who commenced training and the number who completed training; and

(3) recommendations, if any, for changes to the program.

Sec. 11. **[116L.40] DEFINITIONS.**

Subdivision 1. **Scope.** When used in sections 116L.40 to 116L.42, the following terms have the meanings given them unless the context requires otherwise.

Subd. 2. **Agreement.** "Agreement" means the agreement between an employer and the commissioner for a project.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 4. **Disability.** "Disability" has the meaning given under United States Code, title 42, chapter 126.

Subd. 5. **Employee.** "Employee" means the individual employed in a new job.

Subd. 6. **Employer.** "Employer" means the individual, corporation, partnership, limited liability company, or association providing new jobs and entering into an agreement.

Subd. 7. **New job.** "New job" means a job:

(1) that is provided by a new or expanding business at a location in Minnesota outside of the metropolitan area, as defined in section 473.121, subdivision 2;

(2) that provides at least 32 hours of work per week for a minimum of nine months per year and is permanent with no planned termination date;

(3) that is certified by the commissioner as qualifying under the program before the first employee is hired to fill the job; and

(4) for which an employee hired was not (i) formerly employed by the employer in the state, or (ii) a replacement worker, including a worker newly hired as a result of a labor dispute.

Subd. 8. **Program.** "Program" means the project or projects established under sections 116L.40 to 116L.42.

Subd. 9. **Program costs.** "Program costs" means all necessary and incidental costs of providing program services, except that program costs are increased by $1,000 per employee for an individual with a disability. The term does not include the cost of purchasing equipment to be owned or used by the training or educational institution or service.

Subd. 10. **Program services.** "Program services" means training and education specifically directed to new jobs that are determined to be appropriate by the commissioner, including in-house training; services provided by institutions of higher education and federal, state, or local agencies; or private training or educational services. Administrative services and assessment and testing costs are included.

Subd. 11. **Project.** "Project" means a training arrangement that is the subject of an agreement entered into between the commissioner and an employer to provide program services.

Sec. 12. **[116L.41] COMMISSIONER'S DUTIES AND POWERS; AGREEMENTS.**

Subdivision 1. **Service provision.** Upon request, the commissioner shall provide or coordinate the provision of program services under sections 116L.40 to 116L.42 to a business eligible for grants under section 116L.42. The commissioner shall specify the form of and required information to be provided with applications for projects to be funded with grants under section 116L.42.

Subd. 2. **Agreements; required terms.** (a) The commissioner may enter into an agreement to establish a project with an employer that:

(1) identifies program costs to be paid from sources under the program;

(2) identifies program costs to be paid by the employer;

(3) provides that on-the-job training costs for employees may not exceed 50 percent of the annual gross wages and salaries of the new jobs in the first full year after execution of the agreement up to a maximum of $10,000 per eligible employee;

(4) provides that each employee must be paid wages at least equal to the median hourly wage for the county in which the job is located, as reported in the most recently available data from the United States Bureau of the Census, plus benefits, by the earlier of the end of the training period or 18 months of employment under the project; and

(5) provides that job training will be provided and the length of time of training.

(b) Before entering into a final agreement, the commissioner shall:

(1) determine that sufficient funds for the project are available under section 116L.42; and

(2) investigate the applicability of other training programs and determine whether the job skills partnership grant program is a more suitable source of funding for the training and whether the training can be completed in a timely manner that meets the needs of the business.

The investigation under clause (2) must be completed within 15 days or as soon as reasonably possible after the employer has provided the commissioner with all the requested information.

Subd. 3. **Grant funds sufficient.** The commissioner must not enter into an agreement under subdivision 2 unless the commissioner determines that sufficient funds are available.

Subd. 4. **Allocation.** The commissioner shall allocate grant funds under section 116L.42 to project applications based on a first-come, first-served basis, determined on the basis of the commissioner's receipt of a complete application for the project, including the provision of all of the required information. The agreement must specify the amount of grant funds available to the employer for each year covered by the agreement.

Subd. 5. **Application fee.** The commissioner may charge each employer an application fee to cover part or all of the administrative and legal costs incurred, not to exceed $500 per employer. The fee is deemed approved under section 16A.1283. The fee is deposited in the jobs training account in the special revenue fund and amounts in the account are appropriated to the commissioner for the costs of administering the program. The commissioner shall refund the fee to the employer if the application is denied because program funding is unavailable.

Sec. 13. **[116L.42] JOBS TRAINING GRANTS.**

Subdivision 1. **Recovery of program costs.** Amounts paid by employers for program costs are repaid by a job training grant equal to the lesser of the following:

(1) the amount of program costs specified in the agreement for the project; or

(2) the amount of program costs paid by the employer for new employees under a project.

Subd. 2. **Reports.** (a) By February 1, 2018, the commissioner shall report to the governor and the legislature on the program. The report must include at least:

(1) the amount of grants issued under the program;

(2) the number of individuals receiving training under the program, including the number of new hires who are individuals with disabilities;

(3) the number of new hires attributable to the program, including the number of new hires who are individuals with disabilities;

(4) an analysis of the effectiveness of the grant in encouraging employment; and

(5) any other information the commissioner determines appropriate.

(b) The report to the legislature must be distributed as provided in section 3.195.

Sec. 14. **[116L.65] CUSTOMIZED TRAINING FOR SKILLED MANUFACTURING INDUSTRIES.**

Subdivision 1. **Program.** The commissioner of employment and economic development, in consultation with the commissioner of labor and industry, shall collaborate with Minnesota State Colleges and Universities (MnSCU) institutions and employers to develop and administer a customized training program for skilled manufacturing industries that integrates academic instruction and job-related learning in the workplace and MnSCU institutions. The commissioner shall actively recruit participants in a customized training program for skilled manufacturing industries from the following groups: secondary and postsecondary school systems, individuals with disabilities, dislocated workers, retired and disabled veterans, individuals enrolled in MFIP under chapter 256J, minorities, previously incarcerated individuals, individuals residing in labor surplus areas as defined by the United States Department of Labor, and any other disadvantaged group as determined by the commissioner.

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

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

(c) "Employer" means an employer in Minnesota in the skilled manufacturing industry who employs no more than 50 employees and who enters into the agreements with MnSCU institutions and the commissioner under subdivisions 3 to 5.

(d) "MnSCU institution" means an institution designated by the commissioner unless otherwise specified by the legislature.

(e) "Participant" means an employee who enters into a customized training program for skilled manufacturing industries participation agreement under subdivision 4.

(f) "Related instruction" means classroom instruction or technical or vocational training required to perform the duties of the skilled manufacturing job.

(g) "Skilled manufacturing" means occupations in manufacturing industry sectors 31 to 33 as defined by the North American Industry Classification System (NAICS).

Subd. 3. **Skilled manufacturing customized training program employer agreement.** (a) The commissioner, employer, and MnSCU institution shall enter into a skilled manufacturing customized training program employer agreement that is specific to the identified skilled manufacturing training needs of an employer.

(b) The agreement must contain the following:

(1) the name of the employer;

(2) a statement showing the number of hours to be spent by a participant in work and the number of hours to be spent, if any, in concurrent, supplementary instruction in related subjects. The maximum number of hours of work per week, not including time spent in related instruction, for any participant shall not exceed either the number prescribed by law or the customary regular number of hours per week for the employees of the employer. A participant may be allowed to work overtime provided that the overtime work does not conflict with supplementary instruction course attendance. All time spent by the participant in excess of the number of hours of work per week as specified in the skilled manufacturing customized training program participation agreement shall be considered overtime;

(3) the hourly wage to be paid to the participant and requirements for reporting to the commissioner on actual wages paid to the participant;

(4) an explanation of how the employer agreement or participant agreement may be terminated;

(5) a statement setting forth a schedule of the processes of the occupation in which the participant is to be trained and the approximate time to be spent at each process;

(6) a statement by the MnSCU institution and the employer describing the related instruction that will be offered, if any, under subdivision 5, paragraph (c); and

(7) any other provision the commissioner deems necessary to carry out the purposes of this section.

(c) The commissioner may periodically review the adherence to the terms of the customized training program employer agreement. If the commissioner determines that an employer or employee has failed to comply with the terms of the agreement, the commissioner shall terminate the agreement. An employer must report to the commissioner any change in status for the participant within 30 days of the change in status.

Subd. 4. **Skilled manufacturing customized training program participation agreement.** (a) The commissioner, the prospective participant, and the employer shall enter into a skilled manufacturing customized training program participation agreement that is specific to the training to be provided to the participant.

(b) The participation agreement must contain the following:

(1) the name of the employer;

(2) the name of the participant;

(3) a statement setting forth a schedule of the processes of the occupation in which the participant is to be trained and the approximate time to be spent at each process;

(4) a description of any related instruction;

(5) a statement showing the number of hours to be spent by a participant in work and the number of hours to be spent, if any, in concurrent, supplementary instruction in related subjects. The maximum number of hours of work per week, not including time spent in related instruction, for any participant shall not exceed either the number prescribed by law or the customary regular number of hours per week for the employees of the employer. A participant may be allowed to work overtime provided that the overtime work does not conflict with supplementary instruction course attendance. All time spent by the participant in excess of the number of hours of work per week as specified in the customized training program participation agreement shall be considered overtime;

(6) the hourly wage to be paid to the participant; and

(7) an explanation of how the parties may terminate the participation agreement.

(c) The commissioner may periodically review the adherence to the terms of the customized training program participation agreement. If the commissioner determines that an employer or participant has failed to comply with the terms of the agreement, the commissioner shall terminate the agreement. An employer must report to the commissioner any change in status for the participant within 30 days of the change in status.

Subd. 5. **MnSCU instruction.** (a) The MnSCU institution shall collaborate with an employer to provide related instruction that the employer deems necessary to instruct participants of a skilled manufacturing customized training program. The related instruction provided must be, for the purposes of this section, career-level, as negotiated by the commissioner and the MnSCU institution. The related instruction may be for credit or noncredit, and credit earned may be transferable to a degree program, as determined by the MnSCU institution. The MnSCU institution shall provide a summary of the related instruction to the commissioner prior to disbursement of any funds.

(b) The commissioner, in conjunction with the MnSCU institution, shall issue a certificate of completion to a participant who completes all required components of the skilled manufacturing customized training program participation agreement.

(c) As part of the skilled manufacturing customized training program, an employer shall collaborate with the MnSCU institution for any related instruction required to perform the skilled manufacturing job. The agreement shall include:

(1) a detailed explanation of the related instruction; and

(2) the number of hours of related instruction needed to receive a certificate of completion.

(d) The commissioner shall follow the requirements of section 116L.98 regardless of the funding source. The MnSCU institution shall provide the commissioner with the data needed for the commissioner to fulfill the requirements of section 116L.98.

Sec. 15. Minnesota Statutes 2014, section 116L.98, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** The commissioner shall develop and implement a uniform outcome measurement and reporting system for adult workforce-related programs funded in whole or in part by ~~the workforce development fund.~~ state funds. For the purpose of this section, "workforce-related programs" means all education and training programs administered by the commissioner and includes programs and services administered by the commissioner and provided to individuals enrolled in adult basic education under section 124D.52, and the Minnesota family investment program under chapter 256D.

Sec. 16. Minnesota Statutes 2014, section 116L.98, subdivision 3, is amended to read:

Subd. 3. **Uniform outcome report card; reporting by commissioner.** (a) By December 31 of each even-numbered year, the commissioner must report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance the following information separately for each of the previous two fiscal or calendar years, for each program subject to the requirements of subdivision 1:

(1) the total number of participants enrolled;

(2) the median pre-enrollment wages based on participant wages for the second through the fifth calendar quarters immediately preceding the quarter of enrollment excluding those with zero income;

(3) the total number of participants with zero income in the second through fifth calendar quarters immediately preceding the quarter of enrollment;

(4) the total number of participants enrolled in training;

(5) the total number of participants enrolled in training by occupational group;

(6) the total number of participants that exited the program and the average enrollment duration of participants that have exited the program during the year;

(7) the total number of exited participants who completed training;

(8) the total number of exited participants who attained a credential;

(9) the total number of participants employed during three consecutive quarters immediately following the quarter of exit, by industry;

(10) the median wages of participants employed during three consecutive quarters immediately following the quarter of exit;

(11) the total number of participants employed during eight consecutive quarters immediately following the quarter of exit, by industry; ~~and~~

(12) the median wages of participants employed during eight consecutive quarters immediately following the quarter of exit~~.~~;

(13) the total cost of the program;

(14) the total cost of the program per participant;

(15) the cost per credential received by a participant; and

(16) the administrative cost of the program.

(b) The report to the legislature must contain participant information by education level, race and ethnicity, gender, and geography, and a comparison of exited participants who completed training and those who did not.

(c) The requirements of this section apply to programs administered directly by the commissioner or administered by other organizations under a grant made by the department.

Sec. 17. Minnesota Statutes 2014, section 116L.98, subdivision 5, is amended to read:

Subd. 5. **Information.** (a) The information collected and reported under subdivisions 3 and 4 shall be made available on the department's Web site.

(b) The commissioner must provide analysis of the data required under subdivision 3.

(c) The analysis under paragraph (b) must also include an executive summary of program outcomes, including but not limited to enrollment, training, credentials, pre- and post-program employment and wages, and a comparison of program outcomes by participant characteristics.

(d) The data required in the comparative analysis under paragraph (c) must be presented in both written and graphic format.

Sec. 18. Minnesota Statutes 2014, section 116L.98, subdivision 7, is amended to read:

Subd. 7. **Workforce program net impact analysis.** (a) By January 15, 2015, the commissioner must report to the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance on the results of the net impact pilot project already underway as of the date of enactment of this section.

(b) The commissioner shall contract with an independent entity to conduct an ongoing net impact analysis of the programs included in the net impact pilot project under paragraph (a), career pathways programs, and any other programs deemed appropriate by the commissioner. The net impact methodology used by the independent entity under this paragraph must be based on the methodology and evaluation design used in the net impact pilot project under paragraph (a).

(c) By January 15, 2017, and every four years thereafter, the commissioner must report to the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance the following information for each program subject to paragraph (b):

(1) the net impact of workforce services on individual employment, earnings, and public benefit usage outcomes; and

(2) a cost-benefit analysis for understanding the monetary impacts of workforce services from the participant and taxpayer points of view.

The report under this paragraph must be made available to the public in an electronic format on the Department of Employment and Economic Development's Web site.

(d) The department is authorized to create and maintain data-sharing agreements with other departments, including corrections, human services, and any other department that are necessary to complete the analysis. The department shall supply the information collected for use by the independent entity conducting net impact analysis pursuant to the data practices requirements under chapters 13, 13A, 13B, and 13C.

Sec. 19. Minnesota Statutes 2014, section 116M.18, subdivision 4, is amended to read:

Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made or guaranteed by nonprofit corporations under the urban challenge grant program.

(b) Loans or guarantees must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the urban challenge grant program.

~~(c) A loan or guarantee must be used for a project designed to benefit persons in low-income areas through the creation of job or business opportunities for them. Priority must be given for loans to the lowest income areas.~~

~~(d)~~ (c) The minimum state contribution to a loan or guarantee is $5,000 and the maximum is $150,000.

~~(e)~~ (d) The state contribution must be matched by at least an equal amount of new private investment.

~~(f)~~ (e) A loan may not be used for a retail development project.

~~(g)~~ (f) The business must agree to work with job referral networks that focus on minority applicants from low-income areas.

Sec. 20. Minnesota Statutes 2014, section 116M.18, subdivision 8, is amended to read:

Subd. 8. **Reporting requirements.** A nonprofit corporation that receives a challenge grant shall:

(1) submit an annual report to the board by September 30 of each year that includes a description of projects supported by the urban challenge grant program, an account of loans made during the calendar year, the program's impact on minority business enterprises and job creation for minority persons and low-income persons ~~in low-income areas~~, the source and amount of money collected and distributed by the urban challenge grant program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the board.

Sec. 21. Minnesota Statutes 2014, section 268A.085, is amended to read:

268A.085 COMMUNITY REHABILITATION ~~FACILITY~~ PROVIDER GOVERNING BOARDS.

Subdivision 1. **Appointment; membership.** Every city, town, county, nonprofit corporation, or combination thereof establishing ~~a rehabilitation facility~~ an extended employment program shall appoint a ~~rehabilitation facility~~ governing board of no fewer than seven voting members before becoming eligible for the assistance provided by sections 268A.06 to 268A.15. When any city, town, or county singly establishes ~~such a rehabilitation facility~~ an extended employment program, the governing board shall be appointed by the chief executive officer of the city or the chair of the governing board of the county or town. When any combination of cities, towns, counties, or

nonprofit corporations establishes ~~a rehabilitation facility~~ an extended employment program, the chief executive officers of the cities, nonprofit corporations, and the chairs of the governing bodies of the counties or towns shall appoint the board. If a nonprofit corporation singly establishes ~~a rehabilitation facility~~ an extended employment program, the corporation shall appoint the board of directors. Membership on a board shall be representative of the community served and shall include a person with a disability. If a county establishes an extended employment program and manages the program with county employees, the governing board shall be the county board of commissioners, and other provisions of this chapter pertaining to membership on the governing board do not apply.

Subd. 2. **Duties.** Subject to the provisions of sections 268A.06 to 268A.15 and the rules of the department, each ~~rehabilitation facility~~ governing board shall:

(1) review and evaluate the need for extended employment programs ~~offered by the rehabilitation facility~~ provided under sections 268A.06 to 268A.15;

(2) recruit and promote local financial support for extended employment programs from private sources including: the United Way; business, industrial, and private foundations; voluntary agencies; and other lawful sources, and promote public support for municipal and county appropriations;

(3) promote, arrange, and implement working agreements with other educational and social service agencies, both public and private, and any other allied agencies; and

(4) when an extended employment program ~~offered by the rehabilitation facility~~ is certified, act as ~~the~~ its administrator ~~of the rehabilitation facility and its programs~~ for purposes of this chapter.

Sec. 22. Minnesota Statutes 2014, section 469.049, is amended to read:

469.049 ESTABLISHMENT; CHARACTERISTICS.

Subdivision 1. **Saint Paul, Duluth; establishment.** The Port Authority of Saint Paul and the seaway port authority of Duluth are established. The Seaway Port Authority of Duluth may also be known as the Duluth Seaway Port Authority. The Port Authority of Saint Paul may also be known as the Saint Paul Port Authority, and the Saint Paul Port Authority may file one or more certificates of assumed name with the secretary of state, as provided in sections 333.01 to 333.065.

Subd. 2. **Public body characteristics.** A port authority is a body politic and corporate with the right to sue and be sued in its own name.

A port authority is a governmental subdivision under section 282.01 and a political subdivision.

A port authority carries out an essential governmental function of the state when it exercises its power, but the authority is not immune from liability because of this.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day following timely compliance of the governing body of the Port Authority of Saint Paul, and its chief clerical officer, with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 23. Minnesota Statutes 2014, section 469.050, subdivision 4, is amended to read:

Subd. 4. **Term, vacancies.** (a) The first commissioners of a three-member commission are appointed for initial terms as follows: one for two years; one for four years; and one for six years. The first commissioners of a seven-member commission are appointed for initial terms as follows: one member for a term of one, two, three, four, and

five years, respectively, and two members for terms of six years. For subsequent terms, the term is six years. A vacancy is created in Saint Paul when a city council member of the authority ends council membership and in Duluth when a county board member of the authority ends county board membership. A vacancy on any port authority must be filled by the appointing authority for the balance of the term subject to the same approval and consent, if any, required for an appointment for a full term. For Duluth, if the governor or the county board fails to make a required appointment within 60 days after a vacancy occurs, the city council has sole power to appoint a successor.

(b) The term of each commissioner of the Saint Paul Port Authority begins August 1 of the year in which the commissioner is appointed and ends July 31 of the sixth year. Notwithstanding the end of a term of appointment, a commissioner shall serve until reappointed or a new commissioner has been appointed and taken office.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day following timely compliance of the governing body of the Port Authority of Saint Paul, and its chief clerical officer, with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 24. Minnesota Statutes 2014, section 469.084, subdivision 3, is amended to read:

Subd. 3. **Consent for city land.** The port authority must not take lands owned, controlled, or used by the city of St. Paul without consent of the city council, or owned, controlled, or used by Ramsey County without consent of the county board.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day following timely compliance of the governing body of the Port Authority of Saint Paul, and its chief clerical officer, with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 25. Minnesota Statutes 2014, section 469.084, subdivision 4, is amended to read:

Subd. 4. **Port jurisdiction.** For all other recreation purposes the port authority has jurisdiction over the use of all the navigable rivers or lakes and all the parks and recreation facilities abutting the rivers and lakes within its port district.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day following timely compliance of the governing body of the Port Authority of Saint Paul, and its chief clerical officer, with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 26. Minnesota Statutes 2014, section 469.084, subdivision 8, is amended to read:

Subd. 8. **Relation to industrial development provisions.** Notwithstanding any law to the contrary, the port authority ~~of the city of St. Paul~~, under sections 469.048 to 469.068 and this section, may do what a redevelopment agency may do or must do under sections 469.152 to 469.165 to further any of the purposes of sections 469.048 to 469.068 and subdivisions 1 to 8. The port authority may use its powers and duties under sections 469.048 to 469.068 and subdivisions 1 to 8 to further the purposes of sections 469.152 to 469.165. The powers and duties in subdivisions 1 to 8 are in addition to the powers and duties of the port authority under sections 469.048 to 469.068, and under sections 469.152 to 469.165. The port authority may use its powers for industrial development or to establish industrial development districts. If the term "industrial" is used in relation to industrial development purposes under sections 469.048 to 469.068, the term includes "economic" and "economic development." The port authority may work with and provide services to any federal or state agency, county, city, or other governmental unit or agency with the written consent of that agency or governmental unit.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day following timely compliance of the governing body of the Port Authority of Saint Paul, and its chief clerical officer, with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 27. Minnesota Statutes 2014, section 469.084, subdivision 9, is amended to read:

Subd. 9. **May join in supplying small business capital.** Notwithstanding any contrary law, the port authority ~~of the city of St. Paul~~ may participate with public or private corporations or other entities, whose purpose is to provide venture capital to small businesses that have facilities located or to be located in the port district. For that purpose the port authority may use not more than ten percent of available annual net income or $400,000 annually, whichever is less, to acquire or invest in securities of, and enter into financing arrangements and related agreements with, the corporations or entities. The participation by the port authority must not exceed in any year 25 percent of the total amount of funds provided for venture capital purposes by all of the participants. The corporation or entity shall report in writing each month to the commissioners of the port authority all investment and other action taken by it since the last report. Funds contributed to the corporation or entity must be invested pro rata with each contributor of capital taking proportional risks on each investment. As used in this subdivision, the term "small business" has the meaning given it in section 645.445, subdivision 2.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day following timely compliance of the governing body of the Port Authority of Saint Paul, and its chief clerical officer, with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 28. Minnesota Statutes 2014, section 469.084, subdivision 10, is amended to read:

Subd. 10. **Recreation facilities on Mississippi River.** The port authority ~~of the city of Saint Paul~~ has jurisdiction over the use of the Mississippi River for recreation purposes within its port district and may acquire and may spend port authority money for lands abutting the river within the port district to construct, operate directly, by lease or otherwise, and maintain recreation facilities. The authority shall establish rules on the use of the river and abutting lands, either individually, or in cooperation with the federal government or its agencies, Ramsey County, the city of Saint Paul, the state, or a state agency, or political subdivision.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day following timely compliance of the governing body of the Port Authority of Saint Paul, and its chief clerical officer, with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 29. Minnesota Statutes 2014, section 469.084, subdivision 14, is amended to read:

Subd. 14. **Bond for treasurer and assistant treasurer.** The treasurer and assistant treasurer of the port authority ~~of the city of Saint Paul~~ shall give bond to the state in sums not to exceed $25,000 and $10,000 respectively. The bonds must be conditioned for the faithful discharge of their duties. The bonds must be approved as to both form and surety by the port authority and must be filed with its secretary. The amount of the bonds must be set at least annually by the port authority.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day following timely compliance of the governing body of the Port Authority of Saint Paul, and its chief clerical officer, with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 30. **SKILLED MANUFACTURING REPORT.**

The commissioner shall coordinate and monitor customized training programs for skilled manufacturing industries at participating MnSCU institutions. By January 15, 2017, the commissioner, in conjunction with each participating MnSCU institution, shall report to the standing committees of the house of representatives and the senate having jurisdiction over employment and workforce development. The report must address the progress and success of the implementation of a customized training program for skilled manufacturing industries at each participating MnSCU institution. The report must give recommendations on where a skilled manufacturing customized training program should next be implemented, taking into consideration all current and potential skilled manufacturing training providers available.

Sec. 31. **DIRECTION TO COMMISSIONER; LONG-TERM CARE WORKFORCE DEVELOPMENT.**

The commissioner of employment and economic development, in consultation with the commissioner of health, shall review existing workforce development programs in order to further the advancement of long-term care careers in rural Minnesota. The commissioner shall report recommendations regarding training, retaining, and connecting employees to long-term care facilities in rural Minnesota to the chairs and ranking minority members of the legislative committees with jurisdiction over long-term care and workforce development by February 1, 2016.

Sec. 32. **REPEALER.**

Minnesota Statutes 2014, sections 116U.26; and 469.084, subdivisions 11 and 12, are repealed.

ARTICLE 3
HOUSING

Section 1. Minnesota Statutes 2014, section 327.20, subdivision 1, is amended to read:

Subdivision 1. **Rules.** No domestic animals or house pets of occupants of manufactured home parks or recreational camping areas shall be allowed to run at large, or commit any nuisances within the limits of a manufactured home park or recreational camping area. Each manufactured home park or recreational camping area licensed under the provisions of sections 327.10, 327.11, and 327.14 to 327.28 shall, among other things, provide for the following:

(1) A responsible attendant or caretaker shall be in charge of every manufactured home park or recreational camping area at all times, who shall maintain the park or area, and its facilities and equipment in a clean, orderly and sanitary condition. In any manufactured home park containing more than 50 lots, the attendant, caretaker, or other responsible park employee, shall be readily available at all times in case of emergency.

(2) All manufactured home parks shall be well drained and be located so that the drainage of the park area will not endanger any water supply. No wastewater from manufactured homes or recreational camping vehicles shall be deposited on the surface of the ground. All sewage and other water carried wastes shall be discharged into a municipal sewage system whenever available. When a municipal sewage system is not available, a sewage disposal system acceptable to the state commissioner of health shall be provided.

(3) No manufactured home shall be located closer than three feet to the side lot lines of a manufactured home park, if the abutting property is improved property, or closer than ten feet to a public street or alley. Each individual site shall abut or face on a driveway or clear unoccupied space of not less than 16 feet in width, which space shall have unobstructed access to a public highway or alley. There shall be an open space of at least ten feet between the sides of adjacent manufactured homes including their attachments and at least three feet between manufactured homes when parked end to end. The space between manufactured homes may be used for the parking of motor vehicles and other property~~, if the vehicle or other property is parked at least ten feet from the nearest adjacent manufactured home position~~. The requirements of this paragraph shall not apply to recreational camping areas and variances may be granted by the state commissioner of health in manufactured home parks when the variance is applied for in writing and in the opinion of the commissioner the variance will not endanger the health, safety, and welfare of manufactured home park occupants.

(4) An adequate supply of water of safe, sanitary quality shall be furnished at each manufactured home park or recreational camping area. The source of the water supply shall first be approved by the state Department of Health.

(5) All plumbing shall be installed in accordance with the rules of the state commissioner of labor and industry and the provisions of the Minnesota Plumbing Code.

(6) In the case of a manufactured home park with less than ten manufactured homes, a plan for the sheltering or the safe evacuation to a safe place of shelter of the residents of the park in times of severe weather conditions, such as tornadoes, high winds, and floods. The shelter or evacuation plan shall be developed with the assistance and approval of the municipality where the park is located and shall be posted at conspicuous locations throughout the park. The park owner shall provide each resident with a copy of the approved shelter or evacuation plan, as provided by section 327C.01, subdivision 1c. Nothing in this paragraph requires the Department of Health to review or approve any shelter or evacuation plan developed by a park. Failure of a municipality to approve a plan submitted by a park shall not be grounds for action against the park by the Department of Health if the park has made a good faith effort to develop the plan and obtain municipal approval.

(7) A manufactured home park with ten or more manufactured homes, licensed prior to March 1, 1988, shall provide a safe place of shelter for park residents or a plan for the evacuation of park residents to a safe place of shelter within a reasonable distance of the park for use by park residents in times of severe weather, including tornadoes and high winds. The shelter or evacuation plan must be approved by the municipality by March 1, 1989. The municipality may require the park owner to construct a shelter if it determines that a safe place of shelter is not available within a reasonable distance from the park. A copy of the municipal approval and the plan shall be submitted by the park owner to the Department of Health. The park owner shall provide each resident with a copy of the approved shelter or evacuation plan, as provided by section 327C.01, subdivision 1c.

(8) A manufactured home park with ten or more manufactured homes, receiving an initial license after March 1, 1988, must provide the type of shelter required by section 327.205, except that for manufactured home parks established as temporary, emergency housing in a disaster area declared by the President of the United States or the governor, an approved evacuation plan may be provided in lieu of a shelter for a period not exceeding 18 months.

(9) For the purposes of this subdivision, "park owner" and "resident" have the meanings given them in section 327C.01.

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

Sec. 2. Minnesota Statutes 2014, section 462A.33, subdivision 1, is amended to read:

Subdivision 1. **Created.** The economic development and housing challenge program is created to be administered by the agency.

(a) The program shall provide grants or loans for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to support economic development and redevelopment activities or job creation or job preservation within a community or region by meeting locally identified housing needs.

Gap financing is either:

(1) the difference between the costs of the property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale; or

(2) the difference between the cost of the property and the amount the targeted household can afford for housing, based on industry standards and practices.

(b) Preference for grants and loans shall be given to comparable proposals that include regulatory changes or waivers that result in identifiable cost avoidance or cost reductions, such as increased density, flexibility in site development standards, or zoning code requirements. Preference must also be given among comparable proposals to proposals for projects that are accessible to transportation systems, jobs, schools, and other services.

(c) If a grant or loan is used for demolition or removal of existing structures, the cleared land must be used for the construction of housing to be owned or rented by persons who meet the income limits of this section or for other housing-related purposes that primarily benefit the persons residing in the adjacent housing. In making selections for grants or loans for projects that demolish affordable housing units, the agency must review the potential displacement of residents and consider the extent to which displacement of residents is minimized.

(d) Fifty percent of the funds appropriated for this section must be for projects located in the metropolitan area, as defined in section 473.121, subdivision 2, and 50 percent must be for projects outside the metropolitan area, as defined in section 473.121, subdivision 2. Funds not awarded in a fiscal year may be carried over and used without geographic restriction.

EFFECTIVE DATE. This section is effective August 1, 2017.

Sec. 3. Minnesota Statutes 2014, section 469.174, subdivision 12, is amended to read:

Subd. 12. **Economic development district.** "Economic development district" means a type of tax increment financing district which consists of any project, or portions of a project, which the authority finds to be in the public interest because:

(1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; ~~or~~

(2) it will result in increased employment in the state; ~~or~~

(3) it will result in preservation and enhancement of the tax base of the state; or

(4) it satisfies the requirements of a workforce housing project under section 469.176, subdivision 4c, paragraph (d).

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after June 30, 2015.

Sec. 4. Minnesota Statutes 2014, section 469.175, subdivision 3, is amended to read:

Subd. 3. **Municipality approval.** (a) A county auditor shall not certify the original net tax capacity of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. The published notice must include a map of the area of the district from which increments may be collected and, if the project area includes additional area, a map of the project area in which the increments may be expended. The hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project.

(b) Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(1) that the proposed tax increment financing district is a redevelopment district, a renewal or renovation district, a housing district, a soils condition district, or an economic development district; if the proposed district is a redevelopment district or a renewal or renovation district, the reasons and supporting facts for the determination that

the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or subdivision 10a, must be documented in writing and retained and made available to the public by the authority until the district has been terminated;

(2) that, in the opinion of the municipality:

(i) the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; and

(ii) the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district;

(3) that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole;

(4) that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise;

(5) that the municipality elects the method of tax increment computation set forth in section 469.177, subdivision 3, paragraph (b), if applicable.

(c) When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing.

(d) For a district that is subject to the requirements of paragraph (b), clause (2), item (ii), the municipality's statement of reasons and supporting facts must include all of the following:

(1) an estimate of the amount by which the market value of the site will increase without the use of tax increment financing;

(2) an estimate of the increase in the market value that will result from the development or redevelopment to be assisted with tax increment financing; and

(3) the present value of the projected tax increments for the maximum duration of the district permitted by the tax increment financing plan.

(e) For purposes of this subdivision, "site" means the parcels on which the development or redevelopment to be assisted with tax increment financing will be located.

(f) Before or at the time of approval of the tax increment financing plan for a district to be used to fund a workforce housing project under section 469.176, subdivision 4c, paragraph (d), the municipality shall make the following findings and shall set forth in writing the reasons and supporting facts for each determination:

(1) the city is located outside of the metropolitan area, as defined in section 473.121, subdivision 2;

(2) the average vacancy rate for rental housing located in the municipality and in any statutory or home rule charter city located within 15 miles or less of the boundaries of the municipality has been three percent or less for at least the immediately preceding two-year period;

(3) at least one business located in the municipality or within 15 miles of the municipality that employ a minimum of 20 full-time equivalent employees in aggregate has provided a written statement to the municipality indicating that the lack of available rental housing has impeded their ability to recruit and hire employees; and

(4) the municipality and the development authority intend to use increments from the district for the development of rental housing, which includes new modular homes or new manufactured homes, or new manufactured homes on leased land or in a manufactured home park, to serve employees of businesses located in the municipality or surrounding area.

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after June 30, 2015.

Sec. 5. Minnesota Statutes 2014, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of tangible personal property, excluding retail sales;

(3) research and development related to the activities listed in clause (1) or (2);

(4) telemarketing if that activity is the exclusive use of the property;

(5) tourism facilities; ~~or~~

(6) space necessary for and related to the activities listed in clauses (1) to (5); or

(7) a workforce housing project that satisfies the requirements of paragraph (d).

(b) Notwithstanding the provisions of this subdivision, revenues derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000 square feet of any separately owned commercial facility located within the municipal jurisdiction of a small city, if the revenues derived from increments are spent only to assist the facility directly or for administrative expenses, the assistance is necessary to develop the facility, and all of the increments, except those for administrative expenses, are spent only for activities within the district.

(c) A city is a small city for purposes of this subdivision if the city was a small city in the year in which the request for certification was made and applies for the rest of the duration of the district, regardless of whether the city qualifies or ceases to qualify as a small city.

(d) A project qualifies as a workforce housing project under this subdivision if increments from the district are used exclusively to assist in the acquisition of property; construction of improvements; and provision of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs for rental housing developments in the municipality, and if the governing body of the municipality made the findings for the project required by section 469.175, subdivision 3, paragraph (f).

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after June 30, 2015.

Sec. 6. Minnesota Statutes 2014, section 469.1761, is amended by adding a subdivision to read:

Subd. 5. **Income limits; state grants and loans.** For a project receiving a loan or grant from the Housing Finance Agency challenge program under section 462A.33 or a grant from the Department of Employment and Economic Development for workforce housing, the income limits under this section do not apply and the project is deemed to be a housing project within the meaning of section 469.174, subdivision 11.

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after June 30, 2015.

Sec. 7. Minnesota Statutes 2014, section 473.145, is amended to read:

473.145 DEVELOPMENT GUIDE.

The Metropolitan Council shall prepare and adopt, after appropriate study and such public hearings as may be necessary, a comprehensive development guide for the metropolitan area. It shall consist of a compilation of policy statements, goals, standards, programs, and maps prescribing guides for the orderly and economical development, public and private, of the metropolitan area. The comprehensive development guide shall recognize and encompass physical, social, or economic needs of the metropolitan area and those future developments which will have an impact on the entire area including but not limited to such matters as land use, parks and open space land needs, the necessity for and location of airports, highways, transit facilities, public hospitals, libraries, schools, and other public buildings. Notwithstanding any council action to adopt it, a plan or plan element relating to housing does not take effect until a law is enacted approving the plan.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies to plans adopted before, on, or after that date. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 8. Minnesota Statutes 2014, section 473.254, subdivision 2, is amended to read:

Subd. 2. **Affordable, life-cycle goals.** (a) The council shall negotiate with each municipality to establish affordable and life-cycle housing goals for that municipality that are consistent with and promote the policies of the Metropolitan Council as provided in the adopted Metropolitan Development Guide. The council shall adopt, by resolution after a public hearing, the negotiated affordable and life-cycle housing goals for each municipality by January 15, 1996, and by January 15 in each succeeding year for each municipality newly electing to participate in the program or for each municipality with which new housing goals have been negotiated. By June 30, 1996, and by June 30 in each succeeding year for each municipality newly electing to participate in the program or for each municipality with which new housing goals have been negotiated, each municipality shall identify to the council the actions it plans to take to meet the established housing goals.

(b) Beginning in 2016, the negotiated affordable and life-cycle housing goals for each municipality must be submitted by January 15 each year to the chairs and ranking minority members of the legislative committees with jurisdiction over the Metropolitan Council and housing policy and finance, and may be adopted by the council only after a law is enacted approving the goals or the legislature has adjourned its regular session for that calendar year without taking any action on the matter.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 9. Minnesota Statutes 2014, section 473.254, subdivision 3a, is amended to read:

Subd. 3a. **Affordable, life-cycle housing opportunities amount.** (a) Each municipality's "affordable and life-cycle housing opportunities amount" for that year must be determined annually by the council using the method in this subdivision. The affordable and life-cycle housing opportunities amount must be determined for each calendar year for all municipalities in the metropolitan area.

(b) The council must allocate to each municipality its portion of the $1,000,000 of the revenue generated by the levy authorized in section 473.249 which is credited to the local housing incentives account pursuant to subdivision 5, paragraph (b). The allocation must be made by determining the amount levied for and payable in each municipality in the previous calendar year pursuant to the council levy in section 473.249 divided by the total amount levied for and payable in the metropolitan area in the previous calendar year pursuant to such levy and multiplying that result by $1,000,000.

(c) The council must also determine the amount levied for and payable in each municipality in the previous calendar year pursuant to the council levy in section 473.253, subdivision 1.

(d) A municipality's affordable and life-cycle housing opportunities amount for the calendar year is the sum of the amounts determined under paragraphs (b) and (c).

(e) The council must report the council's estimated amount under paragraph (d) to the chairs and ranking minority members of the legislative committees with jurisdiction over the Metropolitan Council and housing policy and finance by March 15 each year. The legislature may approve, modify, or reject the amounts the council will use in paragraph (f). If no law is enacted to approve, modify, or reject the amounts during the regular legislative session for that calendar year, the council may proceed with its proposed amounts.

~~(e)~~ (f) By August 1 of each year, the council must notify each municipality of its affordable and life-cycle housing opportunities amount for the following calendar year determined by the method in this subdivision.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

ARTICLE 4
LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2014, section 79.251, subdivision 1, is amended to read:

Subdivision 1. **General duties of commissioner.** (a)(1) The commissioner shall have all the usual powers and authorities necessary for the discharge of the commissioner's duties under this section and may contract with individuals in discharge of those duties. The commissioner shall audit the reserves established (i) for individual cases arising under policies and contracts of coverage issued under subdivision 4 and (ii) for the total book of business issued under subdivision 4. If the commissioner determines on the basis of an audit that there is an excess

surplus in the assigned risk plan, the commissioner must notify the commissioner of management and budget who shall transfer assets of the plan equal to the excess surplus to the ~~budget reserve account in the general fund~~ assigned risk safety account in the special compensation fund in the state treasury for grants under section 79.253.

(2) The commissioner shall monitor the operations of section 79.252 and this section and shall periodically make recommendations to the governor and legislature when appropriate, for improvement in the operation of those sections.

(3) All insurers and self-insurance administrators issuing policies or contracts under subdivision 4 shall pay to the commissioner a .25 percent assessment on premiums for policies and contracts of coverage issued under subdivision 4 for the purpose of defraying the costs of performing the duties under clauses (1) and (2). Proceeds of the assessment shall be deposited in the state treasury and credited to the general fund.

(4) The assigned risk plan shall not be deemed a state agency.

(5) The commissioner shall monitor and have jurisdiction over all reserves maintained for assigned risk plan losses.

(b) As used in this subdivision, "excess surplus" means the amount of assigned risk plan assets in excess of the amount needed to pay all current liabilities of the plan, including, but not limited to:

(1) administrative expenses;

(2) benefit claims; and

(3) if the assigned risk plan is dissolved under subdivision 8, the amounts that would be due insurers who have paid assessments to the plan.

Sec. 2. **[175.45] COMPETENCY STANDARDS FOR DUAL TRAINING.**

Subdivision 1. **Duties; goal.** The commissioner of labor and industry shall identify competency standards for dual training. The goal of dual training is to provide current employees of an employer with training to acquire competencies that the employer requires. The standards shall be identified for employment in occupations in advanced manufacturing, health care services, information technology, and agriculture. Competency standards 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.

Subd. 2. **Definition; competency standard.** For purposes of this section, "competency standards" means the specific knowledge and skills necessary for a particular occupation.

Subd. 3. **Competency standard identification process.** In identifying competency standards, the commissioner shall consult with the commissioner of employment and economic development and convene recognized industry experts, representative employers, higher education institutions, and representatives of labor to assist in identifying credible competency standards. Competency standards must be based on recognized international and national standards, to the extent that such standards are available and practical.

Subd. 4. **Duties.** The commissioner shall:

(1) establish competency standards for entry level and higher skill levels;

(2) verify the competency standards and skill levels and their transferability by subject matter with expert representatives of each respective industry;

(3) create and execute a plan for dual training outreach, development, and awareness;

(4) develop models for Minnesota educational institutions to engage in providing education and training to meet the competency standards established;

(5) encourage participation by employers in the standard identification process for occupations in their industry; and

(6) align dual training competency standards with other workforce initiatives.

Subd. 5. **Notification.** The commissioner must communicate identified competency standards to the commissioner of employment and economic development for the purpose of the dual training competency grant program under section 116L.31. The commissioner of labor and industry shall maintain the competency standards on the department's Web site.

Sec. 3. Minnesota Statutes 2014, section 177.24, subdivision 1, is amended to read:

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

(1) "Large employer" means an enterprise whose annual gross volume of sales made or business done is not less than $500,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21 to 177.35.

(2) "Small employer" means an enterprise whose annual gross volume of sales made or business done is less than $500,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21 to 177.35.

(b) Except as otherwise provided in sections 177.21 to 177.35:

(1) every large employer must pay each employee wages at a rate of at least:

(i) $8.00 per hour beginning August 1, 2014;

(ii) $9.00 per hour beginning August 1, 2015;

(iii) $9.50 per hour beginning August 1, 2016; and

(iv) the rate established under paragraph (f) beginning January 1, 2018; and

(2) every small employer must pay each employee at a rate of at least:

(i) $6.50 per hour beginning August 1, 2014;

(ii) $7.25 per hour beginning August 1, 2015;

(iii) $7.75 per hour beginning August 1, 2016; and

(iv) the rate established under paragraph (f) beginning January 1, 2018.

(c) Notwithstanding paragraph (b), during the first 90 consecutive days of employment, an employer may pay an employee under the age of 20 years a wage of at least:

(1) $6.50 per hour beginning August 1, 2014;

(2) $7.25 per hour beginning August 1, 2015;

(3) $7.75 per hour beginning August 1, 2016; and

(4) the rate established under paragraph (f) beginning January 1, 2018.

No employer may take any action to displace an employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.

~~(d) Notwithstanding paragraph (b), an employer that is a "hotel or motel," "lodging establishment," or "resort" as defined in Minnesota Statutes 2012, section 157.15, subdivisions 7, 8, and 11, must pay an employee working under a contract with the employer that includes the provision by the employer of a food or lodging benefit, if the employee is working under authority of a summer work travel exchange visitor program (J) nonimmigrant visa, a wage of at least:~~

~~(1) $7.25 per hour beginning August 1, 2014;~~

~~(2) $7.50 per hour beginning August 1, 2015;~~

~~(3) $7.75 per hour beginning August 1, 2016; and~~

~~(4) the rate established under paragraph (f) beginning January 1, 2018.~~

~~No employer may take any action to displace an employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.~~

~~(e)~~ (d) Notwithstanding paragraph (b), a large employer must pay an employee under the age of 18 at a rate of at least:

(1) $6.50 per hour beginning August 1, 2014;

(2) $7.25 per hour beginning August 1, 2015;

(3) $7.75 per hour beginning August 1, 2016; and

(4) the rate established under paragraph (f) beginning January 1, 2018.

No employer may take any action to displace an employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.

(e) Notwithstanding paragraph (b), every employer must pay an employee receiving gratuities a wage of at least:

(1) $8.00 per hour if the employee earns sufficient gratuities during the workweek so that the sum of $8.00 per hour and gratuities received averages at least $12.00 per hour for the workweek; or

(2) the greater of the wage rate under this section or United States Code, title 29, section 206(a)(1), if the employee does not earn sufficient gratuities during the workweek so that the sum of $8.00 per hour and gratuities received averages at least $12.00 per hour for the workweek.

For the purposes of this section, "employee receiving gratuities" means an employee who customarily and regularly receives more than $30 per month in gratuities. The employer must inform a potential employee who may receive gratuities, during the employment interview, of the applicable wage under this paragraph. The employer must provide the potential employee with a written copy of the wages required under this paragraph and the potential employee shall initial the form indicating he or she has received the notice. A copy of the signed notice must be kept on file by the employer. If the Minnesota Department of Human Rights makes three or more probable cause determinations of sexual harassment as defined in section 363A.03, subdivision 43, regarding a single employer, this paragraph no longer applies to that employer and the employer must pay all employees the otherwise applicable minimum wage under this section.

(f) No later than August 31 of each year, beginning in 2017, the commissioner shall determine the percentage increase in the rate of inflation, as measured by the implicit price deflator, national data for personal consumption expenditures as determined by the United States Department of Commerce, Bureau of Economic Analysis during the 12-month period immediately preceding that August or, if that data is unavailable, during the most recent 12-month period for which data is available. The minimum wage rates in paragraphs (b), (c), (d), and (e) are increased by the lesser of: (1) 2.5 percent, rounded to the nearest cent; or (2) the percentage calculated by the commissioner, rounded to the nearest cent. A minimum wage rate shall not be reduced under this paragraph. The new minimum wage rates determined under this paragraph take effect on the next January 1.

(g)(1) No later than September 30 of each year, beginning in 2017, the commissioner may issue an order that an increase calculated under paragraph (f) not take effect. The commissioner may issue the order only if the commissioner, after consultation with the commissioner of management and budget, finds that leading economic indicators, including but not limited to projections of gross domestic product calculated by the United States Department of Commerce, Bureau of Economic Analysis; the Consumer Confidence Index issued by the Conference Board; and seasonally adjusted Minnesota unemployment rates, indicate the potential for a substantial downturn in the state's economy. Prior to issuing an order, the commissioner shall also calculate and consider the ratio of the rate of the calculated change in the minimum wage rate to the rate of change in state median income over the same time period used to calculate the change in wage rate. Prior to issuing the order, the commissioner shall hold a public hearing, notice of which must be published in the State Register, on the department's Web site, in newspapers of general circulation, and by other means likely to inform interested persons of the hearing, at least ten days prior to the hearing. The commissioner must allow interested persons to submit written comments to the commissioner before the public hearing and for 20 days after the public hearing.

(2) The commissioner may in a year subsequent to issuing an order under clause (1), make a supplemental increase in the minimum wage rate in addition to the increase for a year calculated under paragraph (f). The supplemental increase may be in an amount up to the full amount of the increase not put into effect because of the order. If the supplemental increase is not the full amount, the commissioner may make a supplemental increase of the difference, or any part of a difference, in a subsequent year until the full amount of the increase ordered not to take effect has been included in a supplemental increase. In making a determination to award a supplemental increase under this clause, the commissioner shall use the same considerations and use the same process as for an order under clause (1). A supplemental wage increase is not subject to and shall not be considered in determining whether a wage rate increase exceeds the limits for annual wage rate increases allowed under paragraph (f).

Sec. 4. Minnesota Statutes 2014, section 177.24, is amended by adding a subdivision to read:

Subd. 3a. **Gratuities; credit cards or charges.** (a) Gratuities presented to an employee via inclusion on a debit, charge, or credit card shall be credited to that pay period in which they are received by the employee and for which they appear on the employee's tip statement.

(b) Where a gratuity is given by a customer through a debit, charge, or credit card, the full amount of gratuity must be allowed the employee.

Sec. 5. Minnesota Statutes 2014, section 177.24, is amended by adding a subdivision to read:

Subd. 6. **Uniform state minimum wage; local variation prohibited.** (a) Except as provided in this subdivision, a local unit of government may not require the payment of a minimum wage that is different than the minimum wage set by this section.

(b) This subdivision does not apply to wages paid:

(1) to an employee of the local unit of government;

(2) for services provided by an individual to the local unit of government under a contract or subcontract with the local unit of government; and

(3) for services provided by an individual that are funded in whole or part by financial assistance from the local unit of government.

(c) For the purpose of this subdivision, "local unit of government" means a statutory or home rule charter city, town, county, Metropolitan Council, Metropolitan Airports Commission, other metropolitan agencies, and other political subdivisions.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a local unit of government requirement that was established before, on, or after that date.

Sec. 6. **[181.741] LOCAL GOVERNMENT; UNIFORMITY OF PRIVATE EMPLOYER BENEFIT MANDATES.**

(a) A local unit of government may not establish, mandate, or otherwise require a private employer to provide an employee who is employed within the jurisdiction of the local unit of government a benefit that exceeds the requirements of federal or state law, rules, or regulations.

(b) This section does not apply to benefits paid or granted:

(1) to an employee of the local unit of government;

(2) under a contract or subcontract for services provided by an individual to the local unit of government; or

(3) under a contract for services provided by an individual that are funded in whole or in part by financial assistance from the local unit of government.

(c) For purposes of this section, "local unit of government" must be broadly construed and includes, without limitation, a statutory or home rule charter city, town, county, Metropolitan Council, Metropolitan Airports Commission, other metropolitan agencies, and other political subdivisions.

(d) For purposes of this section, the term "benefit" must be broadly construed and includes, without limitation, attendance or leave policy, scheduling policy, term of employment, paid or unpaid leave, any monetary or nonmonetary compensation.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a local unit of government mandate or requirement that was established before, on, or after that date.

Sec. 7. Minnesota Statutes 2014, section 326B.092, subdivision 7, is amended to read:

Subd. 7. **License fees and license renewal fees.** (a) The license fee for each license is the base license fee plus any applicable board fee, continuing education fee, and contractor recovery fund fee and additional assessment, as set forth in this subdivision.

(b) For purposes of this section, "license duration" means the number of years for which the license is issued except that:

(1) if the initial license is not issued for a whole number of years, the license duration shall be rounded up to the next whole number; and

(2) if the department receives an application for license renewal after the renewal deadline, license duration means the number of years for which the renewed license would have been issued if the renewal application had been submitted on time and all other requirements for renewal had been met.

(c) The base license fee shall depend on whether the license is classified as an entry level, master, journeyman, or business license, and on the license duration. The base license fee shall be:

License Classification	License Duration		
	1 Year	2 Years	~~3 Years~~
Entry level	$10	$20	~~$30~~
~~Journeyman~~ Journeyworker	$20	$40	~~$60~~
Master	$40	$80	~~$120~~
Business	~~$90~~	$180	~~$270~~

(d) If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be: $10 if the renewal license duration is one year; and $20 if the renewal license duration is two years~~; and $30 if the renewal license duration is three years~~.

(e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to 326B.93, then a board fee must be included in the license fee and the renewal license fee. The board fee for all license classifications shall be: $4 if the license duration is one year; $8 if the license duration is two years~~; and $12 if the license duration is three years~~.

(f) If the application is for the renewal of a license issued under sections 326B.802 to 326B.885, then the contractor recovery fund fee required under section 326B.89, subdivision 3, and any additional assessment required under section 326B.89, subdivision 16, must be included in the license renewal fee.

(g) Notwithstanding the fee amounts described in paragraphs (c) to (f), for the period July 1, 2015, through June 30, 2017, the following fees apply:

License Classification	License Duration	
	1 year	2 years
Entry level	$10	$20
Journeyworker	$15	$35
Master	$30	$75
Business		$160

If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be $5.

Sec. 8. Minnesota Statutes 2014, section 326B.096, is amended to read:

326B.096 REINSTATEMENT OF LICENSES.

Subdivision 1. **Reinstatement after revocation.** (a) If a license is revoked under this chapter and if an applicant for a license needs to pass an examination administered by the commissioner before becoming licensed, then, in order to have the license reinstated, the person who holds the revoked license must:

(1) retake the examination and achieve a passing score; and

(2) meet all other requirements for an initial license, including payment of the application and examination fee and the license fee. The person holding the revoked license is not eligible for Minnesota licensure without examination based on reciprocity.

(b) If a license is revoked under a chapter other than this chapter, then, in order to have the license reinstated, the person who holds the revoked license must:

(1) apply for reinstatement to the commissioner no later than two years after the effective date of the revocation;

(2) pay a ~~$100~~ $50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order revoking the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the revocation.

Subd. 2. **Reinstatement after suspension.** If a license is suspended, then, in order to have the license reinstated, the person who holds the suspended license must:

(1) apply for reinstatement to the commissioner no later than two years after the completion of the suspension period;

(2) pay a ~~$100~~ $50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order suspending the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the suspension.

Subd. 3. **Reinstatement after voluntary termination.** A licensee who is not an individual may voluntarily terminate a license issued to the person under this chapter. If a licensee has voluntarily terminated a license under this subdivision, then, in order to have the license reinstated, the person who holds the terminated license must:

(1) apply for reinstatement to the commissioner no later than the date that the license would have expired if it had not been terminated;

(2) pay a ~~$100~~ $50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that the applicant does not need to repay a license fee that was paid before the termination.

EFFECTIVE DATE. The amendments to this section are effective July 1, 2015, and expire July 1, 2017.

Sec. 9. Minnesota Statutes 2014, section 326B.106, subdivision 1, is amended to read:

Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the Construction Codes Advisory Council establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall administer and enforce the provisions of those sections.

(b) The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrial/modular program specified in section 326B.194. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.

(c) Beginning with the 2018 edition of the model building codes and every six years thereafter, the commissioner shall review the new model building codes and adopt the model codes as amended for use in Minnesota within two years of the published edition date. The commissioner may adopt amendments to the building codes prior to the adoption of the new building codes to advance construction methods, technology, or materials or, where necessary, to protect the health, safety, and welfare of the public or to improve the efficiency or the use of a building.

(d) Notwithstanding paragraph (c), the commissioner shall act on each new model residential energy code and the new model commercial energy code in accordance with federal law for which the United States Department of Energy has issued an affirmative positive determination in compliance with United States Code, title 42, section 6833. The commissioner may adopt amendments prior to adoption of the new energy codes, as amended for use in Minnesota, to advance construction methods, technology, or materials or, where necessary, to protect the health, safety, and welfare of the public or to improve the efficiency or use of the building.

EFFECTIVE DATE. This section is effective August 1, 2015, and applies to all model code adoptions beginning with the 2018 model building code.

Sec. 10. Minnesota Statutes 2014, section 326B.118, is amended to read:

326B.118 ENERGY CODE.

(a) The commissioner, in consultation with the Construction Codes Advisory Council, shall explore and review the availability and appropriateness of any model energy codes related to the construction of single one- and two-family residential buildings. In consultation with the council, the commissioner shall take steps to adopt the chosen code with all necessary and appropriate amendments.

(b) The commissioner may not adopt all or part of a model energy code relating to the construction of residential buildings without research and analysis that addresses, at a minimum, air quality, building durability, moisture, enforcement, enforceability cost benefit, and liability. The research and analysis must be completed in cooperation with practitioners in residential construction and building science and an affirmative recommendation by the Construction Codes Advisory Council.

(c) The commissioner must adopt an energy rating index performance path providing a range of options for compliance with the 2012 International Energy Conservation Code (IECC). Compliance with the index performance path constitutes compliance with IECC 2012 requirements.

Sec. 11. Minnesota Statutes 2014, section 326B.13, subdivision 8, is amended to read:

Subd. 8. **Effective date of rules.** A rule to adopt or amend the State Building Code is effective ~~180~~ 270 days after publication of the rule's notice of adoption in the State Register. The rule may provide for a later effective date. The rule may provide for an earlier effective date if the commissioner ~~or board~~ proposing the rule finds that an earlier effective date is necessary to protect public health and safety after considering, among other things, the need for time for training of individuals to comply with and enforce the rule. The commissioner must publish an electronic version of the entire adopted rule chapter on the department's Web site within ten days of receipt from the revisor of statutes. The commissioner shall clearly indicate the effective date of the rule on the department's Web site.

Sec. 12. Minnesota Statutes 2014, section 326B.986, subdivision 5, is amended to read:

Subd. 5. **Boiler engineer license fees.** (a) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the boiler special engineer license is an entry level license;

(2) the following licenses are journeyman licenses: first class engineer, Grade A; first class engineer, Grade B; first class engineer, Grade C; second class engineer, Grade A; second class engineer, Grade B; second class engineer, Grade C; and provisional license; and

(3) the following licenses are master licenses: boiler chief engineer, Grade A; boiler chief engineer, Grade B; boiler chief engineer, Grade C; boiler ~~commissioner~~ inspector certificate of competency; and traction or hobby boiler engineer.

(b) Notwithstanding section 326B.092, subdivision 7, paragraph (a), the license duration for steam traction and hobby engineer licenses are one year only for the purpose of calculating license fees under section 326B.092, subdivision 7, paragraph (b).

Sec. 13. Minnesota Statutes 2014, section 326B.986, subdivision 8, is amended to read:

Subd. 8. **Certificate of competency.** ~~The fee for issuance of the original certificate of competency is $85 for inspectors who did not pay the national board examination fee specified in subdivision 6, or $35 for inspectors who paid that examination fee.~~ (a) Each applicant for a certificate of competency must complete an interview with the chief boiler inspector before issuance of the certificate of competency.

(b) All initial certificates of competency shall be effective for more than one calendar year and shall expire on December 31 of the year after the year in which the application is made. ~~The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of certificates of competency from one calendar year to two calendar years. By June 30, 2011,~~

(c) All renewed certificates of competency shall be valid for two calendar years. ~~The fee for renewal of the state of Minnesota certificate of competency is $35 for one year or $70 for two years, and is due the day after the certificate expires.~~

EFFECTIVE DATE. The amendments to paragraphs (a) and (c) are effective July 1, 2015, and expire July 1, 2017.

Sec. 14. Minnesota Statutes 2014, section 341.321, is amended to read:

341.321 FEE SCHEDULE.

(a) The fee schedule for professional and amateur licenses issued by the commissioner is as follows:

(1) referees, $80 ~~for each initial license and each renewal~~;

(2) promoters, $700 ~~for each initial license and each renewal~~;

(3) judges and knockdown judges, $80 ~~for each initial license and each renewal~~;

(4) trainers and seconds, $80 ~~for each initial license and each renewal~~;

(5) ring announcers, $80 ~~for each initial license and each renewal~~;

~~(6) seconds, $80 for each initial license and each renewal;~~

~~(7)~~ (6) timekeepers, $80 ~~for each initial license and each renewal~~;

~~(8)~~ (7) professional combatants, ~~$100 for each initial license and each renewal~~ $70;

(8) amateur combatants, $50;

(9) managers, $80 ~~for each initial license and each renewal~~; and

(10) ringside physicians, $80 ~~for each initial license and each renewal~~.

In addition to the license fee ~~and the late filing penalty fee in section 341.32, subdivision 2, if applicable~~, an individual who applies for a ~~professional~~ license ~~on the same day~~ within the 48 hours preceding when the combative sporting event is held shall pay a late fee of $100 plus the original license fee ~~of $120 at the time the application is submitted~~.

~~(b) The fee schedule for amateur licenses issued by the commissioner is as follows:~~

~~(1) referees, $80 for each initial license and each renewal;~~

~~(2) promoters, $700 for each initial license and each renewal;~~

~~(3) judges and knockdown judges, $80 for each initial license and each renewal;~~

~~(4) trainers, $80 for each initial license and each renewal;~~

~~(5) ring announcers, $80 for each initial license and each renewal;~~

~~(6) seconds, $80 for each initial license and each renewal;~~

~~(7) timekeepers, $80 for each initial license and each renewal;~~

~~(8) combatant, $60 for each initial license and each renewal;~~

~~(9) managers, $80 for each initial license and each renewal; and~~

~~(10) ringside physicians, $80 for each initial license and each renewal.~~

~~(c)~~ (b) The commissioner shall establish a contest fee for each combative sport contest and shall consider the size and type of venue when establishing a contest fee. The professional combative sport contest fee is $1,500 per event or not more than four percent of the gross ticket sales, whichever is greater, as determined by the commissioner when the combative sport contest is scheduled~~,~~. The amateur combative sport contest fee shall be $1,500 or not more than four percent of the gross ticket sales, whichever is greater. ~~The commissioner shall consider the size and type of venue when establishing a contest fee. The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule.~~

(c) A professional or amateur combative sport contest fee is nonrefundable~~.~~ and shall be paid as follows:

(1) $500 at the time the combative sport contest is scheduled; and

(2) $1,000 at the weigh-in prior to the contest.

If four percent of the gross ticket sales is greater than $1,500, the balance is due to the commissioner within 24 hours of the completed contest.

(d) The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule.

~~(d)~~ (e) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.

Sec. 15. Laws 2014, chapter 312, article 2, section 14, is amended to read:

Sec. 14. **ASSIGNED RISK TRANSFER.**

(a) By June 30, 2015, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed $10,500,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1). This is a onetime transfer.

(b) By June 30, 2015, ~~and each year thereafter,~~ if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed $4,820,000 ~~each year,~~ to the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the transfer authorized in paragraph (a). ~~The total amount authorized for all transfers under this paragraph must not exceed $24,100,000. This paragraph expires the day following the transfer in which the total amount transferred under this paragraph to the Minnesota minerals 21st century fund equals $24,100,000.~~

(c) By June 30, 2015, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed $4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after any transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2015 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

~~(d) By June 30, 2016, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed $4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2016 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.~~

~~(e)~~ (d) By July 1, 2015, notwithstanding Minnesota Statutes, section 16A.28, the commissioner of management and budget shall transfer to the ~~assigned risk plan under Minnesota Statutes, section 79.252,~~ general fund any unencumbered or unexpended balance of the ~~appropriations~~ appropriation under ~~paragraphs~~ paragraph (c) ~~and (d)~~ remaining on June 30, ~~2017~~ 2015, or the date the commissioner of commerce determines that an excess surplus in the assigned risk plan does not exist, whichever occurs earlier.

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

Sec. 16. **REPEALER.**

Minnesota Statutes 2014, section 177.24, subdivision 2, Laws 2014, chapter 312, article 2, section 15, and Minnesota Rules, part 5205.0580, subpart 21, are repealed.

ARTICLE 5
COMMERCE

Section 1. Minnesota Statutes 2014, section 45.0135, subdivision 6, is amended to read:

Subd. 6. **Insurance fraud prevention account.** The insurance fraud prevention account is created in the state treasury. Money received from assessments under subdivision 7 and from the automobile theft prevention account in section 297I.11, subdivision 2, and transferred from the automobile theft prevention account in section 65B.84, subdivision 1, is deposited in the account. Money in this fund is appropriated to the commissioner of commerce for the purposes specified in this section and sections 60A.951 to 60A.956.

Sec. 2. Minnesota Statutes 2014, section 45.0135, is amended by adding a subdivision to read:

Subd. 9. **Administrative penalty for insurance fraud.** (a) The commissioner may:

(1) impose an administrative penalty against any person in an amount as set forth in paragraph (b) for each intentional act of insurance fraud committed by that person; and

(2) order restitution to any person suffering loss as a result of the insurance fraud.

(b) The administrative penalty for each violation described in paragraph (a) may be no more than:

(1) $20,000 if the funds or the value of the property or services wrongfully obtained exceeds $5,000;

(2) $10,000 if the funds or value of the property or services wrongfully obtained exceeds $1,000, but not more than $5,000;

(3) $3,000 if the funds or value of the property or services wrongfully obtained is more than $500, but not more than $1,000; and

(4) $1,000 if the funds or value of the property or services wrongfully obtained is less than $500.

(c) If an administrative penalty is not paid after all rights of appeal have been waived or exhausted, the commissioner may bring a civil action in a court of competent jurisdiction to collect the administrative penalty, including expenses and litigation costs, reasonable attorney fees, and interest.

(d) This section does not affect a person's right to seek recovery against any person that commits insurance fraud.

(e) For purposes of this subdivision, "insurance fraud" has the meaning given in section 60A.951, subdivision 4.

(f) Hearings under this subdivision must be conducted in accordance with chapter 14 and any other applicable law.

(g) All revenues from penalties, expenses, costs, fees, and interest collected under this section shall be deposited in the insurance fraud prevention account under section 45.0135, subdivision 6.

Sec. 3. **[59D.01] APPLICATION.**

(a) This chapter does not apply to:

(1) a policy of insurance offered in compliance with chapters 60A to 79A;

(2) a debt cancellation or debt suspension contract, including a guaranteed asset protection waiver, being offered by a banking institution or credit union in compliance with chapter 48 or 52; and

(3) a debt cancellation or debt suspension contract being offered in compliance with Code of Federal Regulations, title 12, parts 37, 721, or other federal law.

(b) Guaranteed asset protection waivers regulated under this chapter are not insurance and are not subject to chapters 60A to 79A. Persons selling, soliciting, or negotiating guaranteed asset protection waivers to borrowers in compliance with this chapter are exempt for chapter 60K.

(c) The commissioner of commerce has the full investigatory authority of chapter 45 to enforce the terms of this chapter.

Sec. 4. **[59D.02] DEFINITIONS.**

Subdivision 1. **Terms.** For purposes of this chapter, the terms defined in subdivisions 2 to 10 have the meanings given them.

Subd. 2. **Administrator.** "Administrator" means a person, other than an insurer or creditor who performs administrative or operational functions pursuant to guaranteed asset protection waiver programs.

Subd. 3. **Borrower.** "Borrower" means a debtor, retail buyer, or lessee under a finance agreement.

Subd. 4. **Creditor.** "Creditor" means:

(1) the lender in a loan or credit transaction;

(2) the lessor in a lease transaction;

(3) a dealer or seller of motor vehicles that provides credit to purchasers of the motor vehicles provided that the entities comply with this section;

(4) the seller in commercial retail installment transactions; or

(5) the assignees of any of the forgoing to whom the credit obligation is payable.

Subd. 5. **Finance agreement.** "Finance agreement" means a loan, lease, or retail installment sales contract for the purchase or lease of a motor vehicle.

Subd. 6. **Free look period.** "Free look period" means the period of time from the effective date of the GAP waiver until the date the borrower may cancel the contract without penalty, fees, or costs to the borrower. This period of time must not be shorter than 30 days.

Subd. 7. **Guaranteed asset protection waiver.** "Guaranteed asset protection waiver" or "GAP waiver" means a contractual agreement wherein a creditor agrees for a separate charge to cancel or waive all or part of amounts due on a borrower's finance agreement in the event of a total physical damage loss or unrecovered theft of the motor vehicle.

Subd. 8. **Insurer.** "Insurer" means an insurance company licensed, registered, or otherwise authorized to do business under Minnesota law.

Subd. 9. **Motor vehicle.** "Motor vehicle" means self-propelled or towed vehicles designed for personal or commercial use, including, but not limited to, automobiles; trucks; motorcycles; recreational vehicles; all-terrain vehicles; snowmobiles; campers; boats; personal watercraft; and motorcycle, boat, camper, and personal watercraft trailers. A creditor is prohibited from selling a GAP waiver in conjunction with the sale or lease of any used motor vehicle that is an automobile or truck that is valued at less than $5,000.

Subd. 10. **Person.** "Person" includes an individual, company, association, organization, partnership, business trust, corporation, and every form of legal entity.

Sec. 5. **[59D.03] COMMERCIAL TRANSACTIONS EXEMPTED.**

Sections 59D.04, subdivision 3, and 59D.06 do not apply to a guaranteed asset protection waiver offered in connection with a lease or retail installment sale associated with any transaction not for personal, family, or household purposes.

Sec. 6. **[59D.04] GUARANTEED ASSET PROTECTION WAIVER REQUIREMENTS.**

Subdivision 1. **Authorization.** GAP waivers may be offered, sold, or provided to borrowers in Minnesota in compliance with this chapter.

Subd. 2. **Payment options.** GAP waivers may, at the option of the creditor, be sold for a single payment or may be offered with a monthly or periodic payment option.

Subd. 3. **Certain costs not considered finance charge or interest.** Notwithstanding any other provision of law, any cost to the borrower for a guaranteed asset protection waiver entered into in compliance with United States Code, title 15, sections 1601 to 1667F, and its implementing regulations under Code of Federal Regulations, title 12, part 226, as they may be amended from time to time, must be separately stated and is not to be considered a finance charge or interest.

Subd. 4. **Insurance.** A retail seller must insure its GAP waiver obligations under a contractual liability or other insurance policy issued by an insurer. A creditor, other than a retail seller, may insure its GAP waiver obligations under a contractual liability policy or other such policy issued by an insurer. The insurance policy may be directly obtained by a creditor or retail seller, or may be procured by an administrator to cover a creditor's or retail seller's obligations. Retail sellers that are lessors on motor vehicles are not required to insure obligations related to GAP waivers on leased vehicles.

Subd. 5. **Financing agreement.** The GAP waiver must be part of, or a separate addendum to, the finance agreement and must remain a part of the finance agreement upon the assignment, sale, or transfer of the finance agreement by the creditor.

Subd. 6. **Purchase restriction.** The extension of credit, the terms of the credit, or the terms and conditions of the related motor vehicle sale or lease must not be conditioned upon the purchase of a GAP waiver.

Subd. 7. **Reporting.** A creditor that offers a GAP waiver must report the sale of, and forward funds received on, all such waivers to the designated party, if any, as prescribed in any applicable administrative services agreement, contractual liability policy, other insurance policy, or other specified program documents.

Subd. 8. **Fiduciary responsibilities.** Funds received or held by a creditor or administrator and belonging to an insurer, creditor, or administrator, pursuant to the terms of a written agreement, must be held by the creditor or administrator in a fiduciary capacity.

Subd. 9. **Defined terms.** The terms defined in section 59D.01 are not intended to provide actual terms that are required in guaranteed asset protection waivers.

Sec. 7. **[59D.05] CONTRACTUAL LIABILITY OR OTHER INSURANCE POLICIES.**

Subdivision 1. **Reimbursement or payment statement.** Contractual liability or other insurance policies insuring GAP waivers must state the obligation of the insurer to reimburse or pay to the creditor any sums the creditor is legally obligated to waive under the GAP waivers issued by the creditor and purchased or held by the borrower.

Subd. 2. **Coverage of assignee.** Coverage under a contractual liability or other insurance policy insuring a GAP waiver must also cover a subsequent assignee upon the assignment, sale, or transfer of the finance agreement.

Subd. 3. **Term.** Coverage under a contractual liability or other insurance policy insuring a GAP waiver must remain in effect unless canceled or terminated in compliance with applicable laws.

Subd. 4. **Effect of cancellation or termination.** The cancellation or termination of a contractual liability or other insurance policy must not reduce the insurer's responsibility for GAP waivers issued by the creditor before the date of cancellation or termination and for which a premium has been received by the insurer.

Sec. 8. **[59D.06] DISCLOSURES.**

(a) Guaranteed asset protection waivers must disclose, as applicable, in writing and in clear, understandable language that is easy to read, the following:

(1) the name and address of the initial creditor and the borrower at the time of sale, and the identity of any administrator if different from the creditor;

(2) the purchase price and the terms of the GAP waiver, including without limitation, the requirements for protection, conditions, or exclusions associated with the GAP waiver;

(3) that the borrower may cancel the GAP waiver within a free look period as specified in the waiver, and will be entitled to a full refund of the purchase price, so long as no benefits have been provided;

(4) the procedure the borrower must follow, if any, to obtain GAP waiver benefits under the terms and conditions of the waiver, including a telephone number and address where the borrower may apply for waiver benefits;

(5) whether or not the GAP waiver is cancelable after the free look period and the conditions under which it may be canceled or terminated including the procedures for requesting a refund due;

(6) that in order to receive a refund due in the event of a borrower's cancellation of the GAP waiver agreement or early termination of the finance agreement after the free look period of the GAP waiver, the borrower, in accordance with the terms of the waiver, must provide a written cancellation request to the creditor, administrator, or other party. If such a request is being made because of the termination of the finance agreement, notice must be provided to the creditor, administrator, or other party within 90 days of the occurrence of the event terminating the finance agreement;

(7) the methodology for calculating a refund of the unearned purchase price of the GAP waiver due in the event of cancellation of the GAP waiver or early termination of the finance agreement;

(8) that the extension of credit, the terms of the credit, or the terms and conditions of the related motor vehicle sale or lease are not conditioned upon the purchase of the GAP waiver; and

(9) that the extension of credit, the terms of the credit, or the terms and conditions of the related motor vehicle sale or lease are not conditioned upon the purchase of the GAP waiver.

(b) The creditor or any person offering a GAP waiver must provide the following verbatim disclosure orally and in bold, 14-point type, either in a separate writing or as part of the agreement: "THE GAP WAIVER IS OPTIONAL. YOU DO NOT HAVE TO PURCHASE THIS PRODUCT IN ORDER TO BUY [OR LEASE] THIS CAR. YOU ALSO HAVE A LIMITED RIGHT TO CANCEL."

Sec. 9. **[59D.07] CANCELLATION; REFUNDS.**

Subdivision 1. **Refund requirements during free look period.** A GAP waiver must provide that, if a borrower cancels a waiver within the free look period, the borrower will be entitled to a full refund of the purchase price, so long as no benefits have been provided.

Subd. 2. **Refund requirements after free-look period.** (a) Guaranteed asset protection waivers may be cancelable or noncancelable after the free-look period.

(b) In the event of a borrower's cancellation of the GAP waiver or early termination of the finance agreement, after the agreement has been in effect beyond the free-look period, the borrower may be entitled to a refund of any unearned portion of the purchase price of the waiver unless the waiver provides otherwise. In order to receive a refund, the borrower, in accordance with any applicable terms of the waiver, must provide a written request to the creditor, administrator, or other party. If such a request is being made because of the termination of the finance agreement, notice must be provided to the creditor, administrator, or other party within 90 days of the occurrence of the event terminating the finance agreement.

(c) If the cancellation of a GAP waiver occurs as a result of a default under the finance agreement or the repossession of the motor vehicle associated with the finance agreement, or any other termination of the finance agreement, any refund due may be paid directly to the creditor or administrator and applied as set forth in subdivision 3.

Subd. 3. **How applied.** A refund under subdivision 1 or 2 may be applied by the creditor as a reduction of the amount owed under the finance agreement, unless the borrower can show that the finance agreement has been paid in full.

Sec. 10. Minnesota Statutes 2014, section 65B.44, is amended by adding a subdivision to read:

Subd. 2a. **Person convicted of insurance fraud.** (a) A person convicted of insurance fraud under section 609.611 in a case related to this chapter or of employment of runners under section 609.612 may not enforce a contract for payment of services eligible for reimbursement under subdivision 2 against an insured or reparation obligor.

(b) After a period of five years from the date of conviction, a person described in paragraph (a) may apply to district court to extinguish the collateral sanction set forth in paragraph (a), which the court may grant in its reasonable discretion.

Sec. 11. Minnesota Statutes 2014, section 65B.84, subdivision 1, is amended to read:

Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The commissioner of commerce shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

(v) an estimate of the funds required to implement the plan; and

(5) distribute money, in consultation with the commissioner of public safety, pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the State Patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the amount of the proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of $1,300,000 each year to the ~~general fund~~ insurance fraud prevention account described in section 297I.11, subdivision 2.

(c) At the end of each fiscal year, the commissioner may transfer any unobligated balances in the auto theft prevention account to the insurance fraud prevention account under section 45.0135, subdivision 6.

Sec. 12. **[80A.461] MNVEST REGISTRATION EXEMPTION.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in paragraphs (b) through (e) have the meanings given them.

(b) "MNvest issuer" means an entity organized under the laws of Minnesota, other than a general partnership, that satisfies the requirements of Code of Federal Regulations, title 17, part 230.147, and the following requirements:

(1) the principal office of the entity is located in Minnesota;

(2) as of the last day of the most recent semiannual fiscal period of the entity, at least 80 percent, or other threshold permitted by Code of Federal Regulations, title 17, part 230.147, of the entity's assets were located in Minnesota;

(3) except in the case of an entity whose gross revenue during the most recent period of 12 full months did not exceed $5,000, the entity derived at least 80 percent, or other threshold permitted by Code of Federal Regulations, title 17, part 230.147, of the entity's gross revenues from the operation of a business in Minnesota during (i) the previous fiscal year, if the MNvest offering begins during the first six months of the entity's fiscal year; or (ii) during the 12 months ending on the last day of the sixth month of the entity's current fiscal year, if the MNvest offering begins following the last day;

(4) the entity does not attempt to limit its liability, or the liability of any other person, for fraud or intentional misrepresentation in connection with the offering of its securities in a MNvest offering; and

(5) the entity is not:

(i) engaged in the business of investing, reinvesting, owning, holding, or trading in securities, except that the entity may hold securities of one class in an entity that is not itself engaged in the business of investing, reinvesting, owning, holding, or trading in securities; or

(ii) subject to the reporting requirements of the Securities and Exchange Act of 1934, section 13 or section 15(d), United States Code, title 15, section 78m and section 78o(d).

(c) "MNvest offering" means an offer, or an offer and sale, of securities by a MNvest issuer that: (1) is conducted exclusively through a MNvest portal and (2) satisfies the requirements of this section and other requirements the administrator imposes by rule.

(d) "MNvest portal" means an Internet Web site that is operated by a portal operator for the offer or sale of MNvest offerings under this section or registered securities under section 80A.50, paragraph (b), and satisfies the requirements of subdivision 6.

(e) "Portal operator" means an entity, including an issuer, that:

(1) is authorized to do business in Minnesota;

(2) is a broker-dealer registered under this chapter or otherwise registers with the administrator as a portal operator in accordance with subdivision 7, paragraph (a), and is therefore excluded from broker-dealer registration; and

(3) satisfies such other conditions as the administrator may determine.

Subd. 2. **Generally.** The offer, sale, and issuance of securities in a MNvest offering is exempt from the requirements of sections 80A.49 to 80A.54, except section 80A.50, paragraph (a), clause (3), and section 80A.71, if the issuer meets the qualifications under this section.

Subd. 3. **MNvest offering.** (a) A MNvest offering must satisfy the following requirements:

(1) the issuer must be a MNvest issuer on the date that its securities are first offered for sale in the offering and continuously through the closing of the offering;

(2) the offering must meet the requirements of the federal exemption for intrastate offerings in section 3(a)(11) of the Securities Act of 1933, United States Code, title 15, section 77c (a)(11), and Rule 147 adopted under the Securities Act of 1933, Code of Federal Regulations, title 17, part 230.147;

(3) the sale of securities must be conducted exclusively through a MNvest portal;

(4) the MNvest issuer shall require the portal operator to provide or make available to prospective purchasers through the MNvest portal a copy of the MNvest issuer's balance sheet and income statement for the MNvest issuer's most recent fiscal year, if the issuer was in existence. For offerings beginning more than 90 days after the issuer's most recent fiscal year end, or if the MNvest issuer was not in existence the previous calendar year, the MNvest issuer must provide or make available a balance sheet as of a date not more than 90 days before the commencement of the MNvest offering for the MNvest issuer's most recently completed fiscal year, or such shorter portion the MNvest issuer was in existence during that period, and the year-to-date period, or inception-to-date period, if shorter, corresponding with the more recent balance sheet required by this clause;

(5) in any 12-month period, the MNvest issuer shall not raise more than the aggregate amounts set forth in item (i) or (ii), either in cash or other consideration, in connection with one or more MNvest offerings:

(i) $5,000,000 if the financial statements described in clause (4) have been:

(A) audited by a certified public accountant firm licensed under chapter 326A using auditing standards issued by either the American Institute of Certified Public Accountants or the Public Company Oversight Board; or

(B) reviewed by a certified public accountant firm licensed under chapter 326A using the Statements on Standards for Accounting and Review Services issued by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants; or

(ii) $2,000,000 if the financial statements described in clause (4) have not been audited or reviewed as described in item (i);

(6) the MNvest issuer must use at least 80 percent of the net proceeds of the offering in connection with the operation of its business within Minnesota;

(7) no single purchaser may purchase more than $10,000 in securities of the MNvest issuer under this exemption in connection with a single MNvest offering unless the purchaser is an accredited investor;

(8) all payments for the purchase of securities must be held in escrow until the aggregate capital deposited into escrow from all purchasers is equal to or greater than the stated minimum offering amount. Purchasers will receive a return of all their subscription funds if the minimum offering amount is not raised by the stipulated expiration date required in subdivision 4, clause (2). The escrow agent must be a bank, regulated trust company, savings bank, savings association, or credit union authorized to do business in Minnesota. Prior to the execution of the escrow agreement between the issuer and the escrow agent, the escrow agent must conduct searches of the issuer, its

executive officers, directors, governors, and managers, as provided to the escrow agent by the portal operator, against the Specially Designated Nationals list maintained by the Office of Foreign Assets Control. The escrow agent is only responsible to act at the direction of the party establishing the escrow account and does not have a duty or liability, contractual or otherwise, to an investor or other person except as set forth in the applicable escrow agreement or other contract;

(9) the MNvest issuer shall require the portal operator to make available to the prospective purchaser through the MNvest portal a disclosure document that meets the requirements set forth in subdivision 4;

(10) before selling securities to a prospective purchaser on a MNvest portal, the MNvest issuer shall require the portal operator to obtain from the prospective purchaser the certification required under subdivision 5;

(11) not less than ten days before the beginning of an offering of securities in reliance on the exemption under this section, the MNvest issuer shall provide the following to the administrator:

(i) a notice of claim of exemption from registration, specifying that the MNvest issuer will be conducting an offering in reliance on the exemption under this section;

(ii) a copy of the disclosure document to be provided to prospective purchasers in connection with the offering, as described in subdivision 4; and

(iii) a filing fee of $300; and

(12) the MNvest issuer and the portal operator may engage in solicitation and advertising of the MNvest offering provided that:

(i) the advertisement contains disclaiming language which clearly states:

(A) the advertisement is not the offer and is for informational purposes only;

(B) the offering is being made in reliance on the exemption under this section;

(C) the offering is directed only to residents of the state;

(D) all offers and sales are made through a MNvest portal; and

(E) the Department of Commerce is the securities regulator in Minnesota;

(ii) along with the disclosures required under item (i), the advertisement may contain no more than the following information:

(A) the name and contact information of the MNvest issuer;

(B) a brief description of the general type of business of the MNvest issuer;

(C) the minimum offering amount the MNvest issuer is attempting to raise through its offering;

(D) a description of how the issuer will use the funds raised through the MNvest offering;

(E) the duration that the MNvest offering will remain open;

(F) the MNvest issuer's logo; and

(G) a link to the MNvest issuer's Web site and the MNvest portal in which the MNvest offering is being made;

(iii) the advertisement complies with all applicable state and federal laws.

Subd. 4. **Required disclosures to prospective MNvest offering purchasers.** The MNvest issuer shall require the portal operator to make available to the prospective purchaser through the MNvest portal a printable or downloadable disclosure document containing the following:

(1) the MNvest issuer's type of entity, the address and telephone number of its principal office, its formation history for the previous five years, a summary of the material facts of its business plan and its capital structure, and its intended use of the offering proceeds, including any amounts to be paid from the proceeds of the MNvest offering, as compensation or otherwise, to an owner, executive officer, director, governor, manager, member, or other person occupying a similar status or performing similar functions on behalf of the MNvest issuer;

(2) the MNvest offering must stipulate the date on which the offering will expire, which must not be longer than 12 months from the date the MNvest offering commenced;

(3) a copy of the escrow agreement between the escrow agent, the MNvest issuer, and, if applicable, the portal operator, as described in subdivision 3, clause (8);

(4) the financial statements required under subdivision 3, clause (4);

(5) the identity of all persons owning more than ten percent of any class of equity interests in the company;

(6) the identity of the executive officers, directors, governors, managers, members, and other persons occupying a similar status or performing similar functions in the name of and on the behalf of the MNvest issuer, including their titles and their relevant experience;

(7) the terms and conditions of the securities being offered, a description of investor exit strategies, and of any outstanding securities of the MNvest issuer; the minimum and maximum amount of securities being offered; either the percentage economic ownership of the MNvest issuer represented by the offered securities, assuming the minimum and, if applicable, maximum number of securities being offered is sold, or the valuation of the MNvest issuer implied by the price of the offered securities; the price per share, unit, or interest of the securities being offered; any restrictions on transfer of the securities being offered; and a disclosure that any future issuance of securities might dilute the value of securities being offered;

(8) the identity of and consideration payable to a person who has been or will be retained by the MNvest issuer to assist the MNvest issuer in conducting the offering and sale of the securities, including a portal operator, but excluding (i) persons acting primarily as accountants or attorneys, and (ii) employees whose primary job responsibilities involve operating the business of the MNvest issuer rather than assisting the MNvest issuer in raising capital;

(9) a description of any pending material litigation, legal proceedings, or regulatory action involving the MNvest issuer or any executive officers, directors, governors, managers, members, and other persons occupying a similar status or performing similar functions in the name of and on behalf of the MNvest issuer;

(10) a statement of the material risks unique to the MNvest issuer and its business plans;

(11) a statement that the securities have not been registered under federal or state securities law and that the securities are subject to limitations on resale; and

(12) the following legend must be displayed conspicuously in the disclosure document:

"IN MAKING AN INVESTMENT DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED BY SUBSECTION (e) OF SEC RULE 147 (CODE OF FEDERAL REGULATIONS, TITLE 17, PART 230.147 (e)) AS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. PURCHASERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME."

Subd. 5. **Required certification from MNvest offering purchasers.** Before selling securities to a prospective purchaser through a MNvest portal, the MNvest issuer shall require the portal operator to obtain from the prospective purchaser through the applicable MNvest portal a written or electronic certification that includes, at a minimum, the following statements:

"I UNDERSTAND AND ACKNOWLEDGE THAT:

If I make an investment in an offering through this MNvest portal, it is very likely that I am investing in a high-risk, speculative business venture that could result in the complete loss of my investment, and I need to be able to afford such a loss.

This offering has not been reviewed or approved by any state or federal securities commission or division or other regulatory authority and that no such person or authority has confirmed the accuracy or determined the adequacy of any disclosure made to me relating to this offering.

If I make an investment in an offering through this MNvest portal, it is very likely that the investment will be difficult to transfer or sell and, accordingly, I may be required to hold the investment indefinitely.

By entering into this transaction with the company, I am affirmatively representing myself as being a Minnesota resident at the time that this contract is formed, and if this representation is subsequently shown to be false, the contract is void."

Subd. 6. **MNvest portal.** A MNvest portal must satisfy the requirements of clauses (1) through (4):

(1) the Web site does not contain the word "MNvest" in its URL address;

(2) the Web site implements steps to limit Web site access to the offer or sale of securities to only Minnesota residents when conducting MNvest offerings;

(3) MNvest offerings may not be viewed on the MNvest portal by a prospective purchaser until:

(i) the portal operator verifies, through its exercise of reasonable steps, such as using a third-party verification service or as otherwise approved by the administrator, that the prospective purchaser is a Minnesota resident; and

(ii) the prospective purchaser makes an affirmative acknowledgment, electronically through the MNvest portal, that:

(A) I am a Minnesota resident;

(B) the securities and investment opportunities listed on this Web site involve high-risk, speculative business ventures. If I choose to invest in any securities or investment opportunity listed on this Web site, I may lose all of my investment, and I can afford such a loss;

(C) the securities and investment opportunities listed on this Web site have not been reviewed or approved by any state or federal securities commission or division or other regulatory authority, and no such person or authority, including this Web site, has confirmed the accuracy or determined the adequacy of any disclosure made to prospective investors relating to any offering; and

(D) if I choose to invest in any securities or investment opportunity listed on this Web site, I understand that the securities I will acquire may be difficult to transfer or sell, that there is no ready market for the sale of such securities, that it may be difficult or impossible for me to sell or otherwise dispose of this investment at any price, and that, accordingly, I may be required to hold this investment indefinitely; and

(4) the Web site complies with all other rules adopted by the administrator.

Subd. 7. **Portal operator.** (a) An entity, other than a registered broker-dealer, wishing to become a portal operator shall file with the administrator:

(1) form ..... [to be approved by the administrator], including all applicable schedules and supplemental information;

(2) a copy of the articles of incorporation or other documents that indicate the entity's form of organization; and

(3) a filing fee of $200.

(b) A portal operator's registration expires 12 months from the date the administrator has approved the entity as a portal operator, and subsequent registration for the succeeding 12-month period shall be issued upon written application and upon payment of a renewal fee of $200, without filing of further statements or furnishing any further information, unless specifically requested by the administrator. This section is not applicable to a registered broker-dealer functioning as a portal operator.

(c) A portal operator that is not a broker-dealer registered under this chapter shall not:

(1) offer investment advice or recommendations, provided that a portal operator shall not be deemed to be offering investment advice or recommendations merely because it (i) selects, or may perform due diligence with respect to, issuers or offerings to be listed, or (ii) provides general investor educational materials;

(2) provide transaction-based compensation for securities sold under this chapter to employees, agents, or other persons unless the employees, agents, or other persons are registered with the administrator and permitted to receive such compensation;

(3) charge a fee to the issuer for an offering of securities on a MNvest portal unless the fee is (i) a fixed amount for each offering, (ii) a variable amount based on the length of time that the securities are offered on the MNvest portal, or (iii) a combination of such fixed and variable amounts; or

(4) hold, manage, possess, or otherwise handle purchaser funds or securities. This restriction does not apply if the issuer is the portal operator.

(d) A portal operator shall provide the administrator with read-only access to administrative sections of the MNvest portal.

(e) A portal operator shall comply with the record-keeping requirements of this paragraph, provided that the failure of a portal operator that is not an issuer to maintain records in compliance with this paragraph shall not affect the MNvest issuer's exemption from registration afforded by this section:

(1) a portal operator shall maintain and preserve, for a period of five years from either the date of the closing or termination of the securities offering, the following records:

(i) the name of each issuer whose securities have been listed on its MNvest portal;

(ii) the full name, residential address, Social Security number, date of birth, and copy of a state-issued identification for all owners with greater than ten percent voting equity in an issuer;

(iii) copies of all offering materials that have been displayed on its MNvest portal;

(iv) the names and other personal information of each purchaser who has registered at its MNvest portal;

(v) any agreements and contracts between the portal operator and the issuer; and

(vi) any information used to establish that a MNvest issuer, prospective MNvest purchaser, or MNvest purchaser is a Minnesota resident;

(2) a portal operator shall, upon written request of the administrator, furnish to the administrator any records required to be maintained and preserved under this subdivision;

(3) the records required to be kept and preserved under this subdivision must be maintained in a manner, including by any electronic storage media, that will permit the immediate location of any particular document so long as such records are available for immediate and complete access by representatives of the administrator. Any electronic storage system must preserve the records exclusively in a nonrewriteable, nonerasable format; verify automatically the quality and accuracy of the storage media recording process; serialize the original and, if applicable, duplicate units storage media, and time-date for the required period of retention the information placed on such electronic storage media; and be able to download indexes and records preserved on electronic storage media to an acceptable medium. In the event that a records retention system commingles records required to be kept under this subdivision with records not required to be kept, representatives of the administrator may review all commingled records; and

(4) a portal operator shall maintain such other records as the administrator shall determine by rule.

Subd. 8. **Portal operator; privacy of purchaser information.** (a) For purposes of this subdivision, "personal information" means information provided to a portal operator by a prospective purchaser or purchaser that identifies, or can be used to identify, the prospective purchaser or purchaser.

(b) Except as provided in paragraph (c), a portal operator must not disclose personal information without written or electronic consent from the prospective purchaser or purchaser that authorizes the disclosure.

(c) Paragraph (b) does not apply to:

(1) records required to be provided to the administrator under subdivision 7, paragraph (e);

(2) the disclosure of personal information to a MNvest issuer relating to its MNvest offering; or

(3) the disclosure of personal information to the extent required or authorized under other law.

Subd. 9. **Bad actor disqualification.** (a) An exemption under this section is not available for a sale if securities in the MNvest issuer; any predecessor of the MNvest issuer; any affiliated issuer; any director, executive officer, other officer participating in the MNvest offering, general partner, or managing member of the MNvest issuer; any beneficial owner of 20 percent or more of the MNvest issuer's outstanding voting equity securities, calculated on the basis of voting power; any promoter connected with the MNvest issuer in any capacity at the time of the sale; any investment manager of an issuer that is a pooled investment fund; any general partner or managing member of any investment manager; or any director, executive officer, or other officer participating in the offering of any investment manager or general partner or managing member of the investment manager:

(1) has been convicted, within ten years before the offering, or five years, in the case of MNvest issuers, their predecessors, and affiliated issuers, of any felony or misdemeanor:

(i) in connection with the purchase or sale of any security;

(ii) involving the making of any false filing with the Securities and Exchange Commission or a state agency; or

(iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, or paid solicitor of purchasers of securities;

(2) is subject to any order, judgment, or decree of any court of competent jurisdiction, entered within five years before the sale, that, at the time of the sale, restrains or enjoins the person from engaging or continuing to engage in any conduct or practice:

(i) in connection with the purchase or sale of any security;

(ii) involving the making of any false filing with the Securities and Exchange Commission; or

(iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, or paid solicitor of purchasers of securities;

(3) is subject to a final order of a state securities commission or an agency or officer of a state performing like functions; a state authority that supervises or examines banks, savings associations, or credit unions; a state insurance commission or an agency or officer of a state performing like functions; an appropriate federal banking agency; the United States Commodity Futures Trading Commission; or the National Credit Union Administration that:

(i) at the time of the offering, bars the person from:

(A) association with an entity regulated by the commission, authority, agency, or officer;

(B) engaging in the business of securities, insurance, or banking; or

(C) engaging in savings association or credit union activities; or

(ii) constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct entered within ten years before the offering;

(4) is subject to an order of the Securities and Exchange Commission entered pursuant to section 15(b) or 15B(c) of the Securities Exchange Act of 1934, United States Code, title 15, section 78o(b) or 78o-4(c) or section 203(e) or (f) of the Investment Advisers Act of 1940, United States Code, title 15, section 80b-3(e) or (f) that, at the time of the offering:

(i) suspends or revokes the person's registration as a broker, dealer, municipal securities dealer, or investment adviser;

(ii) places limitations on the activities, functions, or operations of the person; or

(iii) bars the person from being associated with any entity or from participating in the offering of any penny stock;

(5) is subject to any order of the Securities and Exchange Commission entered within five years before the sale that, at the time of the sale, orders the person to cease and desist from committing or causing a violation or future violation of:

(i) any scienter-based antifraud provision of the federal securities laws, including without limitation section 17(a)(1) of the Securities Act of 1933, United States Code, title 15, section 77q(a)(1), section 10(b) of the Securities Exchange Act of 1934, United States Code, title 15, section 78j(b) and Code of Federal Regulations, title 17, section 240.10b-5, section 15(c)(1) of the Securities Exchange Act of 1934, United States Code, title 15, section 78o(c)(1) and section 206(1) of the Investment Advisers Act of 1940, United States Code, title 15, section 80b-6(1), or any other rule or regulation thereunder; or

(ii) section 5 of the Securities Act of 1933, United States Code, title 15, section 77e;

(6) is suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade;

(7) has filed as a registrant or issuer, or was named as an underwriter in, any registrations statement or Regulation A offering statement filed with the Securities and Exchange Commission that, within five years before the sale, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is, at the time of the sale, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued; or

(8) is subject to a United States Postal Service false representation order entered within five years before the offering, or is, at the time of the offering, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.

(b) Paragraph (a) does not apply:

(1) with respect to any conviction, order, judgment, decree, suspension, expulsion, or bar that occurred or was issued before September 23, 2013;

(2) upon a showing of good cause and without prejudice to any other action by the Securities and Exchange Commission, if the Securities and Exchange Commission determines that it is not necessary under the circumstances that an exemption be denied;

(3) if, before the relevant offering, the court of regulatory authority that entered the relevant order, judgment, or decree advises in writing, whether contained in the relevant judgment, order, or decree or separately to the Securities and Exchange Commission or its staff, that disqualification under paragraph (a) should not arise as a consequence of the order, judgment, or decree; or

(4) if the MNvest issuer establishes that it did not know and, in the exercise of reasonable care, could not have known that a disqualification existed under paragraph (a).

(c) For purposes of paragraph (a), events relating to any affiliated issuer that occurred before the affiliation arose will not be considered disqualifying if the affiliated entity is not:

(1) in control of the issuer; or

(2) under common control with the issuer by a third party that was in control of the affiliated entity at the time of the events.

Sec. 13. Minnesota Statutes 2014, section 237.01, is amended by adding a subdivision to read:

Subd. 9. **Voice over Internet Protocol service.** "Voice over Internet Protocol service" or "VoIP service" means any service that (1) enables real-time two-way voice communications that originate from or terminate at the user's location in Internet protocol or any successor protocol, and (2) permits users generally to receive calls that originate on the public switched telephone network and terminate calls to the public switched telephone network.

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

Sec. 14. Minnesota Statutes 2014, section 237.01, is amended by adding a subdivision to read:

Subd. 10. **Internet Protocol-enabled service.** "Internet Protocol-enabled service" or "IP-enabled service" means any service, capability, functionality, or application provided using Internet protocol, or any successor protocol, that enables an end user to send or receive a communication in Internet protocol format or any successor format, regardless of whether that communication is voice, data, or video.

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

Sec. 15. **[237.037] VOICE OVER INTERNET PROTOCOL SERVICE AND INTERNET PROTOCOL-ENABLED SERVICE.**

Subdivision 1. **Regulation prohibited.** Except as provided in this section, no state agency, including the commission and the Department of Commerce, or political subdivision of this state shall by rule, order, or other means directly or indirectly regulate the entry, rates, terms, quality of service, availability, classification, or any other aspect of VoIP service or IP-enabled service.

Subd. 2. **VoIP regulation.** (a) To the extent permitted by federal law, VoIP service is subject to the requirements of sections 237.49, 237.52, 237.70, and 403.11 with regard to the collection and remittance of the surcharges governed by those sections.

(b) A provider of VoIP service must comply with the requirements of chapter 403 applicable to the provision of access to 911 service by service providers, except to the extent those requirements conflict with federal requirements for the provision of 911 service by VoIP providers under Code of Federal Regulations, title 47, part 9. A VoIP provider is entitled to the benefit of the limitation of liability provisions of section 403.07, subdivision 5. Beginning June 1, 2015, and continuing each June 1 thereafter, each VoIP provider shall file a plan with the commission describing how it will comply with the requirements of this paragraph. After its initial filing under this paragraph, a VoIP provider shall file with the commission either an update of the plan or a statement certifying that the plan and personnel contact information previously filed is still current.

Subd. 3. **Relation to other law.** Nothing in this section restricts, creates, expands, or otherwise affects or modifies:

(1) the commission's authority under the Federal Communications Act of 1934, United States Code, title 47, sections 251 and 252;

(2) any applicable wholesale tariff or any commission authority related to wholesale services;

(3) any commission jurisdiction over (i) intrastate switched access rates, terms, and conditions, including the implementation of federal law with respect to intercarrier compensation, or (ii) existing commission authority to address or affect the resolution of disputes regarding intercarrier compensation;

(4) the rights of any entity, or the authority of the commission and local government authorities, with respect to the use and regulation of public rights-of-way under sections 237.162 and 237.163; or

(5) the establishment or enforcement of standards, requirements or procedures in procurement policies, internal operational policies, or work rules of any state agency or political subdivision of the state relating to the protection of intellectual property.

Subd. 4. **Exemption.** The following services delivered by IP-enabled service are not regulated under this chapter:

(1) video services provided by a cable communications system, as defined in section 238.02, subdivision 3; or

(2) cable service, as defined in United States Code, title 47, section 522, clause (6); or

(3) any other IP-enabled video service.

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

Sec. 16. Minnesota Statutes 2014, section 297I.11, subdivision 2, is amended to read:

Subd. 2. **Automobile theft prevention account.** A special revenue account in the state treasury shall be credited with the proceeds of the surcharge imposed under subdivision 1. Of the revenue in the account, $1,300,000 each year must be transferred to the ~~general fund~~ insurance fraud prevention account under section 45.0135, subdivision 6. Revenues in excess of $1,300,000 each year may be used only for the automobile theft prevention program described in section 65B.84.

Sec. 17. Minnesota Statutes 2014, section 345.42, subdivision 1, is amended to read:

Subdivision 1. **Commissioner's duty.** (a) Within the calendar year next following the year in which abandoned property has been paid or delivered to the commissioner, the commissioner shall provide public notice of the abandoned property in the manner described in subdivision 1a, and ~~frequency~~ otherwise as the commissioner

determines to be most effective and efficient in communicating to the persons appearing to be owners of this property. ~~Public notice may include the use of print, broadcast, or electronic media.~~ The commissioner shall, at a minimum, expend 15 percent of the funds allocated by the legislature to the operations of the unclaimed property division, to comply with the public notice requirements of this ~~subdivision~~ section, and shall report to the legislature annually on how those funds are expended.

Sec. 18. Minnesota Statutes 2014, section 345.42, is amended by adding a subdivision to read:

Subd. 1a. **Public notice.** (a) Public notice provided by the commissioner shall include the following:

(1) posting on the Department of Commerce's Web site a list of all persons appearing to be owners of abandoned property. The list shall be arranged in alphabetical order by the last name of the person, and further organized by county. The list of persons must be updated at least three times per year and must remain on the Department of Commerce's Web site at all times;

(2) publication in a qualified newspaper a list of persons appearing to be owners of abandoned property having a value of $500 or more. The list shall be published in the largest circulation qualified newspaper in each county, and shall include the names of all persons whose last known address is within the county. The list must be published at least once per year. The commissioner may stagger publication of the entire list of owners by publishing a partial list at least twice, but no more than three times per year. Each qualified newspaper that publishes the list shall, at no additional charge to the commissioner, also post the list on its Web site or on a central Web site that can be accessed directly from the qualified newspaper's Web site. The list must be accessible on the Web site for not less than 180 days, and at no cost to the public. The qualified newspaper must include in its publication of the list a reference to its Web site or a central Web site; and

(3) dissemination of information to persons appearing to be owners of abandoned property through other means and media, including broadcast media, the Internet, and social media.

(b) Beginning July 1, 2016, and annually thereafter, the commissioner shall provide to each member of the legislature a list of all persons appearing to be owners of abandoned property whose last known address is located in the legislator's respective legislative district.

Sec. 19. **[609.613] ACCIDENT VICTIM SOLICITATION.**

(a) A person who contacts an individual to offer professional or commercial services with knowledge that the individual has been involved in a motor vehicle accident must not:

(1) provide any fraudulent, false, deceptive, or misleading information; or

(2) offer, directly or indirectly, any inducement to use the professional or commercial services, including but not limited to the provision of any free service, cash, gift cards, cash equivalents, promotional items, entry into a sweepstakes, or any other thing of value.

(b) The disclosure by a licensed attorney that legal representation may be undertaken on a contingency fee basis does not constitute an inducement to use the professional or commercial services under this section.

Sec. 20. **USE OF VENDOR TO FACILITATE RETURN OF ABANDONED PROPERTY.**

The commissioner shall, using a request for proposal process, contract with a vendor who will facilitate the return of abandoned property to owners. As consideration for such services the vendor shall receive up to seven percent of the value of the abandoned property, not to exceed $500,000, when such abandoned property is returned to its owner. This consideration shall not be paid from the abandoned property itself. A vendor may not assess any fees, charges, or costs to the owner of the abandoned property.

Sec. 21. **REPORT ON UNCLAIMED PROPERTY DIVISION.**

The commissioner shall report by February 15, 2016, to the chairs and ranking minority members of the standing committees of the house of representatives and senate having jurisdiction over commerce issues, regarding the process owners of abandoned property must comply with in order to file an allowed claim under Minnesota Statutes, chapter 345, and the effectiveness of the vendor used by the commissioner to facilitate the return of the abandoned property. The report shall include:

(1) information regarding the documentation and identification necessary for owners of each type of abandoned property under Minnesota Statutes, chapter 345, to file an allowed claim; and

(2) a review of the methods and effectiveness of the vendor in returning abandoned property under Minnesota Statutes, chapter 345, to the owner.

Sec. 22. **REPEALER.**

Minnesota Statutes 2014, sections 80G.01; 80G.02; 80G.03; 80G.04; 80G.05; 80G.06; 80G.07; 80G.08; 80G.09; and 80G.10, are repealed.

ARTICLE 6
UNEMPLOYMENT INSURANCE

Section 1. Minnesota Statutes 2014, section 268.035, subdivision 6, is amended to read:

Subd. 6. **Benefit year.** "Benefit year" means the period of 52 calendar weeks beginning the date a benefit account is effective. For a benefit account established effective any January 1, April 1, July 1, or October 1, ~~or January 2, 2000, or October 2, 2011,~~ the benefit year will be a period of 53 calendar weeks.

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 2. Minnesota Statutes 2014, section 268.035, subdivision 21b, is amended to read:

Subd. 21b. **Preponderance of the evidence.** "Preponderance of the evidence" means evidence in ~~substantiation~~ support of a fact that~~, when weighed against the evidence opposing the fact,~~ is more convincing and has a greater probability of truth than the evidence opposing the fact.

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 3. Minnesota Statutes 2014, section 268.035, subdivision 26, is amended to read:

Subd. 26. **Unemployed.** An applicant is considered "unemployed" ~~(1)~~ in any week that:

(1) the applicant performs less than 32 hours of service in employment, covered employment, noncovered employment, self-employment, or volunteer work; and

(2) any earnings with respect to that week are less than the applicant's weekly unemployment benefit amount.

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 4. Minnesota Statutes 2014, section 268.035, subdivision 30, is amended to read:

Subd. 30. **Wages paid.** (a) "Wages paid" means the amount of wages:

(1) that have been actually paid; or

(2) that have been credited to or set apart so that payment and disposition is under the control of the employee.

(b) Wage payments delayed beyond the regularly scheduled pay date are considered "wages paid" on the missed pay date. Back pay is considered "wages paid" on the date of actual payment. Any wages earned but not paid with no scheduled date of payment is considered "wages paid" on the last day of employment.

~~(b)~~ (c) Wages paid does not include wages earned but not paid except as provided for in this subdivision.

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 5. Minnesota Statutes 2014, section 268.051, is amended by adding a subdivision to read:

Subd. 2a. **Unemployment insurance tax reduction.** (a) If the balance in the trust fund on December 31 of any calendar year exceeds the average high cost multiple of 0.9, future unemployment taxes payable must be reduced by all amounts above 0.9. The amount of tax reduction for any taxpaying employer is the same percentage of the total amount above 0.9 as the percentage of taxes paid by nonmaximum experience rated employers for the prior calendar year.

(b) This subdivision only applies if the balance in the trust fund on December 31 is four percent or more above the average high cost multiple of 0.9.

(c) For the purposes of this subdivision, "average high cost multiple" has the same meaning as given in Code of Federal Regulations, title 20, section 606.3, as amended through the effective date of this section.

(d) This subdivision does not apply to employers that are at the maximum experience rating for the calendar year, nor to high experience rating industry employers under section 268.051, subdivision 5, paragraph (b). Computations under paragraph (a) are not subject to the rounding requirement of section 268.034. The refund provisions of section 268.057, subdivision 7, do not apply. Computations under paragraph (a) are based upon taxes paid on or before February 15 of the calendar year.

(e) The unemployment tax reduction under this subdivision applies to taxes paid between March 1 and December 15 of the year following the December 31 calculation under paragraph (a).

Sec. 6. Minnesota Statutes 2014, section 268.051, subdivision 7, is amended to read:

Subd. 7. **Tax rate buydown.** (a) Any taxpaying employer that has been assigned a tax rate based upon an experience rating, and has no amounts past due under this chapter, may, upon the payment of an amount equivalent to any portion or all of the unemployment benefits used in computing the experience rating plus a surcharge of 25 percent, obtain a cancellation of unemployment benefits used equal to the payment made, less the surcharge. The payment is applied to the most recent unemployment benefits paid that are used in computing the experience rating. Upon the payment, the commissioner must compute a new experience rating for the employer, and compute a new tax rate.

(b) Payments for a tax rate buydown may be made only by electronic payment and must be received within 120 calendar days from the beginning of the calendar year for which the tax rate is effective.

~~(c) For calendar years 2011, 2012, and 2013, the surcharge of 25 percent provided for in paragraph (a) does not apply.~~

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 7. Minnesota Statutes 2014, section 268.07, subdivision 2, is amended to read:

Subd. 2. **Benefit account requirements.** (a) Unless paragraph (b) applies, to establish a benefit account an applicant must have total wage credits in the applicant's four quarter base period of at least~~: (1) $2,400; or (2)~~ 5.3 percent of the state's average annual wage rounded down to the next lower $100~~, whichever is higher~~.

(b) To establish a new benefit account ~~within 52 calendar weeks~~ following the expiration of the benefit year on a prior benefit account, an applicant must have performed ~~services~~ actual work in subsequent covered employment and have been paid wages in one or more completed calendar quarters that started after the effective date of the prior benefit account. The wages paid for ~~those services~~ that employment must be at least enough to meet the requirements of paragraph (a). A benefit account under this paragraph may not be established effective earlier than the Sunday following the end of the most recent completed calendar quarter in which the requirements of paragraph (a) were met. ~~One of the reasons for this paragraph is to prevent~~ An applicant ~~from establishing~~ may not establish a second benefit account as a result of one loss of employment.

EFFECTIVE DATE. This section is effective August 2, 2015, except the amendment striking "within 52 calendar weeks" is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2014, section 268.07, subdivision 3b, is amended to read:

Subd. 3b. **Limitations on applications and benefit accounts.** (a) An application for unemployment benefits is effective the Sunday of the calendar week that the application was filed. An application for unemployment benefits may be backdated one calendar week before the Sunday of the week the application was actually filed if the applicant requests the backdating at the time the application is filed. An application may be backdated only if the applicant was unemployed during the period of the backdating. If an individual attempted to file an application for unemployment benefits, but was prevented from filing an application by the department, the application is effective the Sunday of the calendar week the individual first attempted to file an application.

(b) A benefit account established under subdivision 2 is effective the date the application for unemployment benefits was effective.

(c) A benefit account, once established, may later be withdrawn only if:

(1) the applicant has not been paid any unemployment benefits on that benefit account; and

(2) a new application for unemployment benefits is filed and a new benefit account is established at the time of the withdrawal.

A determination or amended determination of eligibility or ineligibility issued under section 268.101, that was sent before the withdrawal of the benefit account, remains in effect and is not voided by the withdrawal of the benefit account.

(d) An application for unemployment benefits is not allowed before the Sunday following the expiration of the benefit year on a prior benefit account. Except as allowed under paragraph (c), an applicant may establish only one benefit account each 52 calendar weeks. This paragraph applies to benefit accounts established under any federal law or the law of any other state.

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 9. Minnesota Statutes 2014, section 268.085, subdivision 1, is amended to read:

Subdivision 1. **Eligibility conditions.** An applicant may be eligible to receive unemployment benefits for any week if:

(1) the applicant has filed a continued request for unemployment benefits for that week under section 268.0865;

(2) the week for which unemployment benefits are requested is in the applicant's benefit year;

(3) the applicant was unemployed as defined in section 268.035, subdivision 26;

(4) the applicant was available for suitable employment as defined in subdivision 15. The applicant's weekly unemployment benefit amount is reduced one-fifth for each day the applicant is unavailable for suitable employment. This clause does not apply to an applicant who is in reemployment assistance training, or each day the applicant is on jury duty or serving as an election judge;

(5) the applicant was actively seeking suitable employment as defined in subdivision 16. This clause does not apply to an applicant who is in reemployment assistance training or who was on jury duty throughout the week;

(6) the applicant has served a nonpayable period of one week that the applicant is otherwise entitled to some amount of unemployment benefits. This clause does not apply if the applicant would have been entitled to federal disaster unemployment assistance because of a disaster in Minnesota, but for the applicant's establishment of a benefit account under section 268.07; and

(7) the applicant has been participating in reemployment assistance services, such as ~~job~~ development of, and adherence to, a work search ~~and resume writing classes~~ plan, if the applicant has been ~~determined in need of reemployment assistance services~~ directed to participate by the commissioner~~, unless~~. This clause does not apply if the applicant has good cause for failing to participate.

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 10. Minnesota Statutes 2014, section 268.085, subdivision 2, is amended to read:

Subd. 2. **Not eligible.** An applicant is ineligible for unemployment benefits for any week:

(1) that occurs before the effective date of a benefit account;

(2) that the applicant, at the beginning of the week, has an outstanding fraud overpayment balance under section 268.18, subdivision 2, including any penalties and interest;

(3) that occurs in a period when the applicant is a student in attendance at, or on vacation from a secondary school including the period between academic years or terms;

(4) that the applicant is incarcerated or performing court-ordered community service. The applicant's weekly unemployment benefit amount is reduced by one-fifth for each day the applicant is incarcerated or performing court-ordered community service;

(5) that the applicant fails or refuses to provide information on an issue of ineligibility required under section 268.101;

(6) that the applicant is performing services 32 hours or more, in employment, covered employment, noncovered employment, volunteer work, or self-employment regardless of the amount of any earnings; or

(7) with respect to which the applicant ~~is receiving, has received, or~~ has filed an application for unemployment benefits under any federal law or the law of any other state. If the appropriate agency finally determines that the applicant is not entitled to ~~the unemployment benefits~~ establish a benefit account under federal law of the law of any other state, this clause does not apply.

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 11. Minnesota Statutes 2014, section 268.095, subdivision 1, is amended to read:

Subdivision 1. **Quit.** An applicant who quit employment is ineligible for all unemployment benefits according to subdivision 10 except when:

(1) the applicant quit the employment because of a good reason caused by the employer as defined in subdivision 3;

(2) the applicant quit the employment to accept other covered employment that provided ~~substantially~~ equal to or better terms and conditions of employment, but the applicant did not work long enough at the second employment to have sufficient subsequent earnings to satisfy the period of ineligibility that would otherwise be imposed under subdivision 10 for quitting the first employment;

(3) the applicant quit the employment within 30 calendar days of beginning the employment because the employment was unsuitable for the applicant;

(4) the employment was unsuitable for the applicant and the applicant quit to enter reemployment assistance training;

(5) the employment was part time and the applicant also had full-time employment in the base period, from which full-time employment the applicant separated because of reasons for which the applicant ~~was held~~ is not ~~to be~~ ineligible, and the wage credits from the full-time employment are sufficient to meet the minimum requirements to establish a benefit account under section 268.07;

(6) the applicant quit because the employer notified the applicant that the applicant was going to be laid off because of lack of work within 30 calendar days. An applicant who quit employment within 30 calendar days of a notified date of layoff because of lack of work is ineligible for unemployment benefits through the end of the week that includes the scheduled date of layoff;

(7) the applicant quit the employment (i) because the applicant's serious illness or injury made it medically necessary that the applicant quit; or (ii) in order to provide necessary care because of the illness, injury, or disability of an immediate family member of the applicant. This exception only applies if the applicant informs the employer of the medical problem and requests accommodation and no reasonable accommodation is made available.

If the applicant's serious illness is chemical dependency, this exception does not apply if the applicant was previously diagnosed as chemically dependent or had treatment for chemical dependency, and since that diagnosis or treatment has failed to make consistent efforts to control the chemical dependency.

This exception raises an issue of the applicant's being available for suitable employment under section 268.085, subdivision 1, that the commissioner must determine;

(8) the applicant's loss of child care for the applicant's minor child caused the applicant to quit the employment, provided the applicant made reasonable effort to obtain other child care and requested time off or other accommodation from the employer and no reasonable accommodation is available.

This exception raises an issue of the applicant's being available for suitable employment under section 268.085, subdivision 1, that the commissioner must determine;

(9) the applicant quit because domestic abuse, sexual assault, or stalking of the applicant or an immediate family member of the applicant, necessitated the applicant's quitting the employment.

For purposes of this subdivision:

(i) "domestic abuse" has the meaning given in section 518B.01;

(ii) "sexual assault" means an act that would constitute a violation of sections 609.342 to 609.3453 or 609.352; and

(iii) "stalking" means an act that would constitute a violation of section 609.749; or

(10) the applicant quit in order to relocate to accompany a spouse whose job location changed making it impractical for the applicant to commute. This exception only applies if the spouse's job is in the military or provides total wages and other compensation that is equal to or better than the applicant's employment. When determining if total wages and compensation are equal to or better than the applicant's employment, differences in cost of living must be considered.

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 12. Minnesota Statutes 2014, section 268.095, subdivision 10, is amended to read:

Subd. 10. **Ineligibility duration.** (a) Ineligibility from the payment of all unemployment benefits under subdivisions 1 and 4 is for the duration of the applicant's unemployment and until the end of the calendar week that the applicant had total wages paid for actual work performed in subsequent covered employment sufficient to meet one-half of the requirements of section 268.07, subdivision 2, paragraph (a).

(b) Ineligibility imposed under subdivisions 1 and 4 begins on the Sunday of the week that the applicant became separated from employment.

(c) In addition to paragraph (a), if the applicant was discharged from employment because of aggravated employment misconduct, wage credits from that employment are canceled and cannot be used for purposes of a benefit account under section 268.07, subdivision 2.

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 13. Minnesota Statutes 2014, section 268.105, subdivision 3, is amended to read:

Subd. 3. **Withdrawal of an appeal.** (a) ~~Any~~ An appeal that is pending before an unemployment law judge may be withdrawn by the appealing ~~person~~ party, or an authorized representative of that ~~person~~ party, ~~upon~~ by filing of a notice of withdrawal. A notice of withdrawal may be filed by mail or by electronic transmission.

(b) The appeal must, by order, be dismissed if a notice of withdrawal is filed, unless an unemployment law judge directs that further ~~adjudication is~~ proceedings are required for a proper result. An order of dismissal issued as a result of a notice of withdrawal is not subject to reconsideration or appeal.

(c) ~~A notice of withdrawal may be filed by mail or by electronic transmission.~~ A party may file a new appeal after the order of dismissal, but the original 20-calendar-day period for appeal begins from the date of issuance of the determination and that time period is not suspended or restarted by the notice of withdrawal and order of dismissal. The new appeal may only be filed by mail or facsimile transmission.

(d) For purposes of this subdivision, "appeals" includes a request for reconsideration filed under subdivision 2.

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 14. Minnesota Statutes 2014, section 268.105, subdivision 7, is amended to read:

Subd. 7. **Judicial review.** (a) The Minnesota Court of Appeals must, by writ of certiorari to the department, review the unemployment law judge's decision on reconsideration, provided a petition for the writ is filed with the court and a copy is served upon the unemployment law judge or the commissioner and any other party within 30 calendar days of the sending of the unemployment law judge's decision on reconsideration under subdivision 2. Three days are added to the 30-calendar-day period if the decision on reconsideration was mailed to the parties.

(b) Any employer petitioning for a writ of certiorari must pay to the court the required filing fee in accordance with the Rules of Civil Appellate Procedure. If the employer requests a written transcript of the testimony received at the hearing conducted under subdivision 1, the employer must pay to the department the cost of preparing the transcript. That money is credited to the administration account.

(c) Upon issuance by the Minnesota Court of Appeals of a writ of certiorari as a result of an applicant's petition, the department must furnish to the applicant at no cost a written transcript of any testimony received at the hearing conducted under subdivision 1, and, if requested, a copy of all exhibits entered into evidence. No filing fee or cost bond is required of an applicant petitioning the Minnesota Court of Appeals for a writ of certiorari.

(d) The Minnesota Court of Appeals may affirm the decision of the unemployment law judge or remand the case for further proceedings; or it may reverse or modify the decision if the substantial rights of the petitioner may have been prejudiced because the findings, inferences, conclusion, or decision are:

(1) in violation of constitutional provisions;

(2) in excess of the statutory authority or jurisdiction of the department;

(3) made upon unlawful procedure;

(4) affected by other error of law;

(5) unsupported by substantial evidence in view of the entire record as submitted; or

(6) arbitrary or capricious.

(e) The department is considered the primary responding party to any judicial action involving an unemployment law judge's decision. The department may be represented by an attorney licensed to practice law in Minnesota who is an employee of the department.

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 15. Minnesota Statutes 2014, section 268.136, subdivision 1, is amended to read:

Subdivision 1. **Shared work plan requirements.** An employer may submit a proposed shared work plan for an employee group to the commissioner for approval in a manner and format set by the commissioner. The proposed shared work plan must include:

(1) a certified statement that the normal weekly hours of work of all of the proposed participating employees were full time or regular part time but are now reduced, or will be reduced, with a corresponding reduction in pay, in order to prevent layoffs;

(2) the name and Social Security number of each participating employee;

(3) the number of layoffs that would have occurred absent the employer's ability to participate in a shared work plan;

(4) a certified statement that each participating employee was first hired by the employer at least one year before the proposed shared work plan is submitted and is not a seasonal, temporary, or intermittent worker;

(5) the hours of work each participating employee will work each week for the duration of the shared work plan, which must be at least 50 percent of the normal weekly hours but no more than ~~90~~ 80 percent of the normal weekly hours, except that the plan may provide for a uniform vacation shutdown of up to two weeks;

(6) a certified statement that any health benefits and pension benefits provided by the employer to participating employees will continue to be provided under the same terms and conditions as though the participating employees' hours of work each week had not been reduced;

(7) a certified statement that the terms and implementation of the shared work plan is consistent with the employer's obligations under state and federal law;

(8) an acknowledgement that the employer understands that unemployment benefits paid under a shared work plan will be used in computing the future tax rate of a taxpaying employer or charged to the reimbursable account of a nonprofit or government employer;

(9) the proposed duration of the shared work plan, which must be at least two months and not more than one year, although a plan may be extended for up to an additional year upon approval of the commissioner;

(10) a starting date beginning on a Sunday at least 15 calendar days after the date the proposed shared work plan is submitted; and

(11) a signature of an owner or officer of the employer who is listed as an owner or officer on the employer's account under section 268.045.

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

Sec. 16. Minnesota Statutes 2014, section 268.194, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** There is established as a special state trust fund, separate and apart from all other public money or funds of this state, an unemployment insurance trust fund, that is administered by the commissioner exclusively for the payment of unemployment benefits. This trust fund consists of:

(1) all taxes collected;

(2) interest earned upon any money in the trust fund;

(3) reimbursements paid by nonprofit organizations and the state and political subdivisions;

(4) tax rate buydown payments under section 268.051, subdivision 7;

(5) any money received as a loan from the federal unemployment trust fund in accordance with United States Code, title 42, section 1321, of the Social Security Act;

(6) any other money received under a reciprocal unemployment benefit arrangement with the federal government or any other state;

(7) money recovered on overpaid unemployment benefits ~~except, if allowed by federal law, five percent of any recovered amount is credited to the administration account~~;

(8) all money credited to the account under this chapter;

(9) all money credited to the account of Minnesota in the federal unemployment trust fund under United States Code, title 42, section 1103, of the Social Security Act, also known as the Reed Act; and

(10) all money received for the trust fund from any other source.

EFFECTIVE DATE. This section is effective August 2, 2015.

Sec. 17. **ADDITIONAL UNEMPLOYMENT INSURANCE TAX REDUCTION.**

Notwithstanding any other law, on December 31, 2015, future unemployment taxes payable must be reduced by $200,000,000 in addition to any reduction under section 268.051, subdivision 2a. This tax reduction must be distributed among employers using the same method as prescribed for tax reductions under section 268.051, subdivision 2a.

ARTICLE 7
DELIVERED FUELS

Section 1. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

Subd. 3a. **Propane.** "Propane" means a gas made of primarily propane and butane, and stored in liquid form in pressurized tanks.

Sec. 2. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

Subd. 3b. **Propane storage facility.** "Propane storage facility" means a facility designed to store or capable of storing propane in liquid form in pressurized tanks.

Sec. 3. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

Subd. 6b. **Synthetic gas.** "Synthetic gas" means flammable gas created from (1) gaseous, liquid, or solid hydrocarbons, or (2) other organic or inorganic matter. Synthetic gas includes hydrogen or methane produced through processing, but does not include propane.

Sec. 4. Minnesota Statutes 2014, section 216B.2421, subdivision 2, is amended to read:

Subd. 2. **Large energy facility.** "Large energy facility" means:

(1) any electric power generating plant or combination of plants at a single site with a combined capacity of 50,000 kilowatts or more and transmission lines directly associated with the plant that are necessary to interconnect the plant to the transmission system;

(2) any high-voltage transmission line with a capacity of 200 kilovolts or more and greater than 1,500 feet in length;

(3) any high-voltage transmission line with a capacity of 100 kilovolts or more with more than ten miles of its length in Minnesota or that crosses a state line;

(4) any pipeline greater than six inches in diameter and having more than 50 miles of its length in Minnesota used for the transportation of coal, crude petroleum or petroleum fuels or oil, or their derivatives;

(5) any pipeline for transporting natural or synthetic gas at pressures in excess of 200 pounds per square inch with more than 50 miles of its length in Minnesota;

(6) any facility designed for or capable of storing on a single site more than 100,000 gallons of liquefied natural gas or synthetic gas, excluding propane storage facilities;

(7) any underground gas storage facility requiring a permit pursuant to section 103I.681;

(8) any nuclear fuel processing or nuclear waste storage or disposal facility; and

(9) any facility intended to convert any material into any other combustible fuel and having the capacity to process in excess of 75 tons of the material per hour.

Sec. 5. Minnesota Statutes 2014, section 297A.67, is amended by adding a subdivision to read:

Subd. 34. **Propane tanks.** (a) Propane tanks with a propane capacity of at least 100 gallons, and any valves and regulators necessary for use of the propane tank, are exempt when purchased by the user of the tank. This exemption does not apply to the lease of a propane tank from a propane supplier or dealer.

(b) This subdivision expires December 31, 2017.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to sales and purchases made on or after that date.

Sec. 6. Minnesota Statutes 2014, section 453A.02, subdivision 5, is amended to read:

Subd. 5. **Gas.** "Gas" means either natural or synthetic gas, ~~including~~ propane, manufactured gas, methane from coal beds, geothermal gas, or any mixture thereof, whether in gaseous or liquid form, or any by-product resulting therefrom.

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

Sec. 7. **PREPURCHASING PROPANE; REPORT.**

(a) The commissioner of commerce shall conduct a study of the operation of the propane prepurchase program under Minnesota Statutes, section 216B.0951. The study must address:

(1) the amount and price of propane prepurchased;

(2) the locations where prepurchased propane was stored and any costs of storage;

(3) a description of how the propane was distributed to customers, focusing on the activities of the local agencies that deliver energy assistance and propane distributors;

(4) a description of any obstacles that interfered with the efficient operation of the program, and suggestions for overcoming those obstacles; and

(5) an estimate of the savings that accrued to propane customers as a result of the prepurchase program.

(b) By January 1 of 2016 and 2017, the commissioner of commerce shall submit a report containing the information required under this section for the previous calendar year to the chairs and ranking minority members of the senate and house of representatives committees with primary responsibility for energy policy.

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

ARTICLE 8
ENERGY CONSERVATION

Section 1. Minnesota Statutes 2014, section 216B.16, subdivision 6b, is amended to read:

Subd. 6b. **Energy conservation improvement.** (a) Except as otherwise provided in this subdivision, all investments and expenses of a public utility as defined in section 216B.241, subdivision 1, paragraph (h), incurred in connection with energy conservation improvements shall be recognized and included by the commission in the determination of just and reasonable rates as if the investments and expenses were directly made or incurred by the utility in furnishing utility service.

(b) The commission shall not include investments and expenses for energy conservation improvements in determining (i) just and reasonable electric rates for retail electric service provided to large customer facilities whose electric utilities have been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to those large customer facilities; or (ii) just and reasonable gas rates for large energy facilities, large customer facilities whose natural gas utilities have been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b), or commercial gas customer facilities whose natural gas utilities have been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (c).

(c) The commission may permit a public utility to file rate schedules providing for annual recovery of the costs of energy conservation improvements. These rate schedules may be applicable to less than all the customers in a class of retail customers if necessary to reflect the requirements of section 216B.241. The commission shall allow a public utility, without requiring a general rate filing under this section, to reduce the electric rates applicable to large customer facilities that have been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b), and to reduce the gas rate applicable to a large energy facility, a large customer facility or commercial customer facility that has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b) or (c), or by the commission under section 216B.241, subdivision 2, by an amount that reflects the elimination of energy conservation improvement investments or expenditures for those facilities. In the event that the commission has set

electric or gas rates based on the use of an accounting methodology that results in the cost of conservation improvements being recovered from utility customers over a period of years, the rate reduction may occur in a series of steps to coincide with the recovery of balances due to the utility for conservation improvements made by the utility on or before December 31, 2007.

(d) Investments and expenses of a public utility shall not include electric utility infrastructure costs as defined in section 216B.1636, subdivision 1, paragraph (b).

(e) This subdivision expires December 31, 2016.

Sec. 2. Minnesota Statutes 2014, section 216B.16, subdivision 6c, is amended to read:

Subd. 6c. **Incentive plan for energy conservation improvement.** (a) The commission may order public utilities to develop and submit for commission approval incentive plans that describe the method of recovery and accounting for utility conservation expenditures and savings. In developing the incentive plans the commission shall ensure the effective involvement of interested parties.

(b) In approving incentive plans, the commission shall consider:

(1) whether the plan is likely to increase utility investment in cost-effective energy conservation;

(2) whether the plan is compatible with the interest of utility ratepayers and other interested parties;

(3) whether the plan links the incentive to the utility's performance in achieving cost-effective conservation; and

(4) whether the plan is in conflict with other provisions of this chapter.

(c) The commission may set rates to encourage the vigorous and effective implementation of utility conservation programs. The commission may:

(1) increase or decrease any otherwise allowed rate of return on net investment based upon the utility's skill, efforts, and success in conserving energy;

(2) share between ratepayers and utilities the net savings resulting from energy conservation programs to the extent justified by the utility's skill, efforts, and success in conserving energy; and

(3) adopt any mechanism that satisfies the criteria of this subdivision, such that implementation of cost-effective conservation is a preferred resource choice for the public utility considering the impact of conservation on earnings of the public utility.

(d) This subdivision expires December 31, 2016.

Sec. 3. Minnesota Statutes 2014, section 216B.2401, is amended to read:

216B.2401 ENERGY SAVINGS POLICY GOAL.

(a) The legislature finds that energy savings are an energy resource, and that cost-effective energy savings are preferred over all other energy resources. The legislature further finds that cost-effective energy savings should be procured systematically and aggressively in order to reduce utility costs for businesses and residents, improve the competitiveness and profitability of businesses, create more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution and emissions that cause climate change. Therefore, it is the energy policy of the state

of Minnesota to achieve annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas through cost-effective energy conservation improvement programs and rate design, energy efficiency achieved by energy consumers without direct utility involvement, energy codes and appliance standards, programs designed to transform the market or change consumer behavior, energy savings resulting from efficiency improvements to the utility infrastructure and system, and other efforts to promote energy efficiency and energy conservation.

(b) This section expires December 31, 2016.

Sec. 4. Minnesota Statutes 2014, section 216B.241, is amended by adding a subdivision to read:

Subd. 11. **Expiration.** This section expires December 31, 2016.

Sec. 5. **[216C.418] ENERGY STORAGE, SOLAR THERMAL, WIND, AND GEOTHERMAL HEAT PUMP REBATE PROGRAM.**

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

(1) "energy storage system" means a technology that stores electricity that has been previously generated and that releases the electricity for use at a later time;

(2)"geothermal heat pump" means a technology consisting of:

(i) a ground heat exchanger that consists of a system of underground pipes containing a circulating liquid that absorbs and relinquishes heat from the earth;

(ii) a heat pump that transfers heat between the ground and a building interior; and

(iii) an air delivery system that delivers heat throughout a building's interior rooms;

(3) "solar thermal system" means a flat plate or evacuated tube that meets the requirements of section 216C.25 with a fixed orientation that collects the sun's radiant energy and transfers it to a storage medium for distribution as energy to heat or cool air or water; and

(4) "wind energy conversion system" has the meaning given in section 216C.06, subdivision 19, except that for the purposes of this section a wind energy conversion system may have a capacity no greater than 40 kilowatts.

Subd. 2. **Program.** (a) The commissioner of commerce shall establish a program to provide rebates to residential, commercial, and industrial property owners who install energy storage systems, wind energy conversion systems, geothermal heat pumps, or solar thermal systems in their Minnesota business or residence after the effective date of this act. Applications for a rebate under this section must be made to the commissioner on a form developed by the commissioner. The commissioner shall develop administrative procedures governing the application and rebate award process. Applications will be reviewed and rebates awarded on a first-come, first-served basis.

(b) An applicant is ineligible to receive a rebate under this section for installing a technology if the utility served by the applicant offers a rebate for installing that technology.

Subd. 3. **Geothermal heat pump; application.** An application for a rebate for a geothermal heat pump under this section must, at a minimum, contain evidence that the geothermal heat pump:

(1) is a closed-loop system;

(2) includes both air cooling and heating applications; and

(3) has a Coefficient of Performance and an Energy Efficiency Ratio that meet the minimum standards set by the commissioner.

Subd. 4. **Rebate amounts.** (a) For a geothermal heat pump, the rebate amount is the lesser of 20 percent of the installation and equipment cost or $20,000.

(b) For an energy storage system with a capacity of 40 kilowatts or less, the rebate shall be the lesser of 25 percent of the installation and equipment cost or $20,000. For energy storage systems manufactured in Minnesota, the rebate shall be the lesser of 50 percent of the installation and equipment cost or $40,000.

(c) For a solar thermal system, the maximum rebate for a single family residential dwelling installation is the lesser of 25 percent of the installed cost of a complete system or $2,500. The maximum rebate for a multiple family residential dwelling installation is the lesser of 25 percent of the installed cost of a complete system or $5,000. The maximum rebate for a commercial or industrial installation is the lesser of 25 percent of the installation cost of the complete system or $25,000. The system must be installed by a factory authorized installer.

(d) For a wind energy conversion system, the rebate amount is equal to the lesser of 30 percent of the installation and equipment cost or $15,000.

Subd. 5. **Appropriation.** There is annually appropriated to the commissioner of commerce from the Minnesota energy investment account established in section 116C.779 sums sufficient to make the rebate payments required under this section and to pay the reasonable costs incurred by the department to administer this section.

Sec. 6. Minnesota Statutes 2014, section 216C.435, subdivision 5, is amended to read:

Subd. 5. **Energy improvement.** "Energy improvement" means:

(1) any renovation or retrofitting of a building to improve energy efficiency that is permanently affixed to the property and that results in a net reduction in energy consumption without altering the principal source of energy;

(2) permanent installation of new or upgraded electrical circuits and related equipment to enable electrical vehicle charging; ~~or~~

(3) a renewable energy system attached to, installed within, or proximate to a building that generates electrical or thermal energy from a renewable energy source; or

(4) the installation of infrastructure, machinery, and appliances that allow:

(i) natural gas to be used as a heating fuel on the premises of an existing building that was previously not connected to a source of natural gas; or

(ii) propane to be used as a heating fuel on the premises of an existing building that previously did not use propane.

Sec. 7. **ENERGY CONSERVATION SERVICE DELIVERY; ADVISORY TASK FORCE.**

(a) By July 1, 2015, the commissioner of commerce shall convene an energy conservation advisory task force to examine the feasibility of reorganizing the delivery of energy conservation services under Minnesota Statutes, section 216B.241, in order to increase energy savings, make energy more affordable to ratepayers, and reduce

pollution from energy generation. As part of its inquiry, the task force shall examine new and emerging energy technologies and the experience of states that deliver energy conservation services to ratepayers through a third-party provider.

(b) The commissioner of commerce or the commissioner's designee shall serve as chair of the advisory task force. The commissioner of commerce shall appoint to the task force one member to represent the interests of each of the following:

(1) public utilities;

(2) generation and transmission cooperatives that implement energy conservation programs for member utilities;

(3) municipal utilities;

(4) an organization representing utility business customers; and

(5) a nonprofit organization experienced in developing and implementing energy conservation programs.

The speaker of the house of representatives and the president of the senate shall each appoint one at-large member to the advisory task force.

(c) The advisory task force shall submit a report containing its findings and recommendations by February 1, 2016, to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy policy.

ARTICLE 9
RENEWABLE FUELS

Section 1. Minnesota Statutes 2014, section 16B.323, is amended to read:

16B.323 SOLAR ENERGY IN STATE BUILDINGS.

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

(b) ~~"Made in Minnesota" means the manufacture in this state of:~~

~~(i) components of a solar thermal system certified by the Solar Rating and Certification Corporation; or~~

~~(ii) solar photovoltaic modules that:~~

~~(1) are manufactured at a manufacturing facility in Minnesota that is registered and authorized to manufacture those solar photovoltaic modules by Underwriters Laboratory, CSA International, Intertek, or an equivalent independent testing agency;~~

~~(2) bear certification marks from Underwriters Laboratory, CSA International, Intertek, or an equivalent independent testing agency; and~~

~~(3) meet the requirements of section 116C.7791, subdivision 3, paragraph (a), clauses (1), (5), and (6).~~

~~For the purposes of clause (ii), "manufactured" has the meaning given in section 116C.7791, subdivision 1, paragraph (b), clauses (1) and (2).~~

~~(c)~~ "Major renovation" means a substantial addition to an existing building, or a substantial change to the interior configuration or the energy system of an existing building.

~~(d)~~ (c) "Solar energy system" means solar photovoltaic ~~modules~~ devices alone or installed in conjunction with a solar thermal system.

~~(e)~~ (d) "Solar photovoltaic ~~module~~ device" has the meaning given in section ~~116C.7791, subdivision 1, paragraph (e)~~ 216C.06, subdivision 17.

~~(f)~~ (e) "Solar thermal system" has the meaning given "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (e).

~~(g)~~ (f) "State building" means a building whose construction or renovation is paid wholly or in part by the state from the bond proceeds fund.

Subd. 2. **Solar energy system.** (a) As provided in paragraphs (b) and (c), a project for the construction or major renovation of a state building, after the completion of a cost-benefit analysis, may include installation of ~~"Made in Minnesota"~~ solar energy systems of 40 kilowatts capacity on, adjacent, or in proximity to the state building.

(b) The capacity of a solar energy system must be less than 40 kilowatts to the extent necessary to match the electrical load of the building or to the extent necessary to keep the costs for the installation below the five percent maximum set by paragraph (c).

(c) The cost of the solar energy system must not exceed five percent of the appropriations from the bond proceeds fund for the construction or renovation of the state building. Purchase and installation of a solar thermal system may account for no more than 25 percent of the cost of a solar energy system installation.

(d) A project subject to this section is ineligible to receive a rebate for the installation of a solar energy system under section 116C.7791 or from any utility.

Sec. 2. Minnesota Statutes 2014, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. ~~**Renewable development**~~ **Energy fund account.** (a) The energy fund account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund, but remain in the account until expended.

(b) On July 1, 2015, the public utility that owns the Prairie Island nuclear generating plant shall transfer all funds in the renewable development account previously established under this subdivision and managed by the public utility, except funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar year 2015 under sections 116C.7791, 116C.7792, and 216C.41, to the energy fund account established in paragraph (a).

(c) Beginning January 15, 2016, and continuing each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating plant must transfer to ~~a renewable development~~ the energy fund account $500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and $7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph ~~(c)~~ (f). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year.

~~(b)~~ (d) Beginning January 15, 2016, and continuing each January 15 thereafter, the public utility that owns the Monticello nuclear generating plant must transfer to the ~~renewable development~~ energy fund account account $350,000 each year for each dry cask containing spent fuel that is located at the Monticello nuclear power plant for each year the plant is in operation, and $5,250,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph ~~(c)~~ (f). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.

(e) Each year, of the funds transferred to the energy fund account under paragraphs (c) and (d), the public utility shall withhold the amount necessary to pay its obligations under sections 116C.7791, 116C.7792, and 216C.41 for that calendar year.

~~(c)~~ (f) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued facility, the commission shall require the public utility to pay $7,500,000 for the discontinued Prairie Island facility and $5,250,000 for the discontinued Monticello facility for any year in which the commission finds, by the preponderance of the evidence, that the public utility did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a permanent or interim storage site out of the state. This determination shall be made at least every two years.

~~(d) Funds in the account may be expended only for any of the following purposes:~~

~~(1) to increase the market penetration within the state of renewable electric energy resources at reasonable costs;~~

~~(2) to promote the start-up, expansion, and attraction of renewable electric energy projects and companies within the state;~~

~~(3) to stimulate research and development within the state into renewable electric energy technologies; and~~

~~(4) to develop near commercial and demonstration scale renewable electric projects or near commercial and demonstration scale electric infrastructure delivery projects if those delivery projects enhance the delivery of renewable electric energy.~~

~~The utility that owns a nuclear generating plant is eligible to apply for renewable development account grants.~~

~~(e) Expenditures authorized by this subdivision from the account may be made only after approval by order of the Public Utilities Commission upon a petition by the public utility. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds to be not in compliance with this subdivision or otherwise not in the public interest, and may, if agreed to by the public utility, modify proposed expenditures. The commission may approve reasonable and necessary expenditures for administering the account in an amount not to exceed five percent of expenditures. Commission approval is not required for expenditures required under subdivisions 2 and 3, section 116C.7791, or other law.~~

~~(f) The account shall be managed by the public utility but the public utility must consult about account expenditures with an advisory group that includes, among others, representatives of its ratepayers. The commission may require that other interests be represented on the advisory group. The advisory group must be consulted with respect to the general scope of expenditures in designing a request for proposal and in evaluating projects submitted in response to a request for proposals. In addition to consulting with the advisory group, the public utility must utilize an independent third party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph (d), clause (3), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph (d), clause (3). The request for multiple projects may include a provision that exempts the projects from the third party expert review and instead provides for project evaluation~~

~~and selection by a merit peer review grant system. The utility should attempt to reach agreement with the advisory group after consulting with it but the utility has full and sole authority to determine which expenditures shall be submitted to the commission for commission approval. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the public utility must strongly consider, where reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.~~

~~(g) Funds in the account may not be directly appropriated by the legislature by a law enacted after January 1, 2012, and unless appropriated by a law enacted prior to that date may be expended only pursuant to an order of the commission according to this subdivision.~~

~~(h) A request for proposal for renewable energy generation projects must, when feasible and reasonable, give preference to projects that are most cost-effective for a particular energy source.~~

~~(i) The public utility must annually, by February 15, report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy on projects funded by the account for the prior year and all previous years. The report must, to the extent possible and reasonable, itemize the actual and projected financial benefit to the public utility's ratepayers of each project.~~

~~(j) A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers.~~

~~(k) Final reports, any mid-project status reports, and renewable development account financial reports must be posted online on a public Web site designated by the commission.~~

~~(l) All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development fund, noting that the fund is financed by the public utility's ratepayers.~~

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

Sec. 3. Minnesota Statutes 2014, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.

(a) The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total nameplate capacity of 20 kilowatts direct current. ~~The program shall be operated for five consecutive calendar years commencing in 2014.~~ Up to $5,000,000 shall be allocated for each ~~of the five years~~ year during which applications are accepted from the ~~renewable development~~ energy fund account established in section 116C.779 to a separate account for the purpose of the solar production incentive program. The solar system must be sized to less than 120 percent of the customer's on-site annual energy consumption. The production incentive must be paid for ten years commencing with the commissioning of the system. The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner.

(b) The utility shall evaluate applications for the incentive and shall forward recommendations for providing incentives to eligible applicants to the commissioner of commerce, who shall pay the incentives from the energy fund account established in section 116C.779. The utility shall not approve payment of an incentive under this section for any application received after the effective date of this act.

Sec. 4. Minnesota Statutes 2014, section 216B.164, subdivision 3, is amended to read:

Subd. 3. **Purchases; small facilities.** (a) This paragraph applies to cooperative electric associations and municipal utilities. For a qualifying facility having less than 40-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility according to the applicable rate schedule for sales to that class of customer. A cooperative electric association or municipal utility may charge an additional fee to recover the remaining fixed costs required to serve the customer. In the case of net input into the utility system by a qualifying facility having less than 40-kilowatt capacity, compensation to the customer shall be at a per kilowatt-hour rate determined under paragraph (c) or ~~(d)~~ (f).

(b) This paragraph applies to public utilities. For a qualifying facility having less than 1,000-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility according to the applicable rate schedule for sales to that class of customer. In the case of net input into the utility system by a qualifying facility having~~: (1) more than 40 kilowatt but~~ less than 1,000-kilowatt capacity, compensation to the customer shall be at a per kilowatt-hour rate determined under paragraph (c)~~; or (2) less than 40 kilowatt capacity, compensation to the customer shall be at a per kilowatt rate determined under paragraph (d)~~.

(c) In setting rates, the commission shall consider the fixed distribution costs to the utility not otherwise accounted for in the basic monthly charge and shall ensure that the costs charged to the qualifying facility are not discriminatory in relation to the costs charged to other customers of the utility. The commission shall set the rates for net input into the utility system based on avoided costs as defined in the Code of Federal Regulations, title 18, section 292.101, paragraph (b)(6), the factors listed in Code of Federal Regulations, title 18, section 292.304, and all other relevant factors.

(d) This paragraph applies to qualifying facilities having less than 40-kilowatt capacity that have elected a rate of compensation for net input into the utility system before the effective date of this act. Notwithstanding any provision in this chapter to the contrary, a qualifying facility having less than 40-kilowatt capacity may elect that the compensation for net input by the qualifying facility into the utility system shall be at the average retail utility energy rate. "Average retail utility energy rate" is defined as the average of the retail energy rates, exclusive of special rates based on income, age, or energy conservation, according to the applicable rate schedule of the utility for sales to that class of customer.

(e) If the qualifying facility or net metered facility is interconnected with a nongenerating utility which has a sole source contract with a municipal power agency or a generation and transmission utility, the nongenerating utility may elect to treat its purchase of any net input under this subdivision as being made on behalf of its supplier and shall be reimbursed by its supplier for any additional costs incurred in making the purchase. Qualifying facilities or net metered facilities having less than 1,000-kilowatt capacity if interconnected to a public utility, or less than 40-kilowatt capacity if interconnected to a cooperative electric association or municipal utility may, at the customer's option, elect to be governed by the provisions of subdivision 4.

(f) A customer with a qualifying facility or net metered facility having a capacity below 40 kilowatts that is interconnected to a cooperative electric association or a municipal utility may elect to be compensated for the customer's net input into the utility system in the form of a kilowatt-hour credit on the customer's energy bill carried forward and applied to subsequent energy bills. Any kilowatt-hour credits carried forward by the customer cancel at the end of the calendar year with no additional compensation.

EFFECTIVE DATE. This section applies to net metered facilities that are first interconnected to utilities after August 15, 2015.

Sec. 5. Minnesota Statutes 2014, section 216B.1641, is amended to read:

216B.1641 COMMUNITY SOLAR GARDEN.

(a) The public utility subject to section 116C.779 shall file by September 30, 2013, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. Other public utilities may file an application at their election. The community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

(b) A solar garden is a facility that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription. The solar garden must have a nameplate capacity of no more than one megawatt. Each subscription shall be sized to represent at least 200 watts of the community solar garden's generating capacity and to supply, when combined with other distributed generation resources serving the premises, no more than 120 percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

(c) The solar generation facility must be located in the service territory of the public utility filing the plan. Subscribers must be retail customers of the public utility located in the same county or a county contiguous to where the facility is located.

(d) The public utility must purchase from the community solar garden all energy generated by the solar garden. The purchase shall be at ~~the rate calculated under section 216B.164, subdivision 10, or, until that rate for the public utility has been approved by the commission,~~ the applicable retail rate. A solar garden is eligible for any incentive programs offered under either section 116C.7792 or section 216C.415. A subscriber's portion of the purchase shall be provided by a credit on the subscriber's bill.

(e) The commission may approve, disapprove, or modify a community solar garden program. Any plan approved by the commission must:

(1) reasonably allow for the creation, financing, and accessibility of community solar gardens;

(2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;

(3) not apply different requirements to utility and nonutility community solar garden facilities;

(4) be consistent with the public interest;

(5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

(6) include a program implementation schedule;

(7) identify all proposed rules, fees, and charges; and

(8) identify the means by which the program will be promoted.

(f) Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

(g) Within 180 days of commission approval of a plan under this section, a utility shall begin crediting subscriber accounts for each community solar garden facility in its service territory, and shall file with the commissioner of commerce a description of its crediting system.

(h) For the purposes of this section, the following terms have the meanings given:

(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility; and

(2) "subscription" means a contract between a subscriber and the owner of a solar garden.

Sec. 6. Minnesota Statutes 2014, section 216B.1691, is amended to read:

216B.1691 ~~RENEWABLE~~ ADVANCED ENERGY ~~OBJECTIVES~~ STANDARDS.

Subdivision 1. **Definitions.** (a) Unless otherwise specified in law, "eligible energy technology" means an energy technology that:

(1) generates electricity from the following renewable energy sources:

~~(1)~~ (i) solar;

~~(2)~~ (ii) wind;

~~(3)~~ (iii) hydroelectric with a capacity of less than 100 megawatts;

~~(4) hydrogen, provided that after January 1, 2010, the hydrogen must be generated from the resources listed in this paragraph; or~~

(iv) hydroelectric with a capacity of 100 megawatts or greater that was first placed into service after January 1, 2015; or

~~(5)~~ (v) biomass, which includes, without limitation, landfill gas; an anaerobic digester system; the predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge to produce electricity; and an energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel; or

(2) stores electricity previously generated from a renewable resource listed in clause (1) that can be released for use at a later time.

(b) "Electric utility" means a public utility providing electric service, a generation and transmission cooperative electric association, a municipal power agency, or a power district.

(c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by an electric utility to retail customers of the electric utility or to a distribution utility for distribution to the retail customers of the distribution utility. "Total retail electric sales" does not include the sale of hydroelectricity supplied by a federal power marketing administration or other federal agency, regardless of whether the sales are directly to a distribution utility or are made to a generation and transmission utility and pooled for further allocation to a distribution utility.

~~Subd. 2. **Eligible energy objectives.** Each electric utility shall make a good faith effort to generate or procure sufficient electricity generated by an eligible energy technology to provide its retail consumers, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that commencing in 2005, at least one percent of the electric utility's total retail electric sales to retail customers in Minnesota is generated by eligible energy technologies and seven percent of the electric utility's total retail electric sales to retail customers in Minnesota by 2010 is generated by eligible energy technologies.~~

Subd. 2a. **~~Eligible~~ Advanced energy ~~technology~~ standard; schedule.** (a) Except as provided in paragraph (b), each electric utility shall generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

(1)	2012	12 percent
(2)	2016	17 percent
(3)	2020	20 percent
(4)	2025	25 percent.

(b) An electric utility that owned a nuclear generating facility as of January 1, 2007, must meet the requirements of this paragraph rather than paragraph (a). An electric utility subject to this paragraph must generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota or the retail customer of a distribution utility to which the electric utility provides wholesale electric service so that at least the following percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

(1)	2010	15 percent
(2)	2012	18 percent
(3)	2016	25 percent
(4)	2020	30 percent.

~~Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind energy conversion systems and the remaining five percent by other eligible energy technology. Of the 25 percent that must be generated by wind or solar, no more than one percent may be solar generated and the remaining 24 percent or greater must be wind generated.~~

Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or delay the implementation of a standard obligation, in whole or in part, if the commission determines it is in the public interest to do so. The commission, when requested to modify or delay implementation of a standard, must consider:

(1) the impact of implementing the standard on its customers' utility costs, including the economic and competitive pressure on the utility's customers;

(2) the effects of implementing the standard on the reliability of the electric system;

(3) technical advances or technical concerns;

(4) delays in acquiring sites or routes due to rejection or delays of necessary siting or other permitting approvals;

(5) delays, cancellations, or nondelivery of necessary equipment for construction or commercial operation of an eligible energy technology facility;

(6) transmission constraints preventing delivery of service; and

(7) other statutory obligations imposed on the commission or a utility.

The commission may modify or delay implementation of a standard obligation under clauses (1) to (3) only if it finds implementation would cause significant rate impact, requires significant measures to address reliability, or raises significant technical issues. The commission may modify or delay implementation of a standard obligation under clauses (4) to (6) only if it finds that the circumstances described in those clauses were due to circumstances beyond an electric utility's control and make compliance not feasible.

(b) When considering whether to delay or modify implementation of a standard obligation, the commission must give due consideration to a preference for electric generation through use of eligible energy technology and to the achievement of the standards set by this section.

(c) An electric utility requesting a modification or delay in the implementation of a standard must file a plan to comply with its standard obligation in the same proceeding that it is requesting the delay.

(d) If a utility reports under subdivision 2e that its retail rates have increased by two percent or more over the previous year as a result of activities necessary to comply with this section, the commission shall delay by three years the required achievement of the utility's next scheduled standard under subdivision 2a.

Subd. 2c. **Use of integrated resource planning process.** The commission may exercise its authority under subdivision 2b to modify or delay implementation of a standard obligation as part of an integrated resource planning proceeding under section 216B.2422. The commission's authority must be exercised according to subdivision 2b. The order to delay or modify shall not be considered advisory with respect to any electric utility. This subdivision is in addition to and does not limit the commission's authority to modify or delay implementation of a standard obligation in other proceedings before the commission.

~~Subd. 2d. **Commission order.** The commission shall issue necessary orders detailing the criteria and standards by which it will measure an electric utility's efforts to meet the renewable energy objectives of subdivision 2 to determine whether the utility is making the required good faith effort. In this order, the commission shall include criteria and standards that protect against undesirable impacts on the reliability of the utility's system and economic impacts on the utility's ratepayers and that consider technical feasibility.~~

Subd. 2e. **Rate impact of standard compliance; report.** Each electric utility must submit to the commission and the legislative committees with primary jurisdiction over energy policy a report containing an estimation of the rate impact of activities of the electric utility necessary to comply with this section. In consultation with the Department of Commerce, the commission shall determine a uniform reporting system to ensure that individual utility reports are consistent and comparable, and shall, by order, require each electric utility subject to this section to use that reporting system. The rate impact estimate must be for wholesale rates and, if the electric utility makes retail sales, the estimate shall also be for the impact on the electric utility's retail rates. Those activities include, without limitation, energy purchases, generation facility acquisition and construction, and transmission improvements. ~~An initial report must be submitted within 150 days of May 28, 2011. After the initial report,~~ A report under this subdivision must be ~~updated and~~ submitted as part of each integrated resource plan or plan

modification filed by the electric utility under section 216B.2422. A utility may file more frequent reports under this subdivision. The reporting obligation of an electric utility under this subdivision expires December 31, 2025, for an electric utility subject to subdivision 2a, paragraph (a), and December 31, 2020, for an electric utility subject to subdivision 2a, paragraph (b).

Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a and 2b, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy. ~~At least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less.~~

(b) The solar energy standard established in this subdivision is subject to all the provisions of this section governing a utility's standard obligation under subdivision 2a.

~~(c) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy.~~

~~(d) For the purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:~~

~~(1) an iron mining extraction and processing facility, including a scram mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16; or~~

~~(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer.~~

~~Those customers may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision.~~

~~(e)~~ (c) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

~~(f)~~ (d) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

~~(g)~~ (e) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a report with the commission reporting its progress in achieving the solar energy standard established under this subdivision.

(f) The requirement established in paragraph (a) may be met through the use of solar energy or any other more affordable eligible energy technology.

Subd. 3. **Utility plans filed with commission.** (a) Each electric utility shall report on its plans, activities, and progress with regard to the ~~objectives and~~ standards of this section in its filings under section 216B.2422 or in a separate report submitted to the commission every two years, whichever is more frequent, demonstrating to the commission the utility's effort to comply with this section. In its resource plan or a separate report, each electric utility shall provide a description of:

(1) the status of the utility's renewable energy mix relative to the ~~objective and~~ standards;

(2) efforts taken to meet the objective and standards;

(3) any obstacles encountered or anticipated in meeting the ~~objective or~~ standards; and

(4) potential solutions to the obstacles.

(b) The commissioner shall compile the information provided to the commission under paragraph (a), and report to the chairs of the house of representatives and senate committees with jurisdiction over energy and environment policy issues as to the progress of utilities in the state, including the progress of each individual electric utility, in increasing the amount of renewable energy provided to retail customers, with any recommendations for regulatory or legislative action, by January 15 of each odd-numbered year.

Subd. 4. **Renewable energy credits.** (a) To facilitate compliance with this section, the commission, by rule or order, shall establish by January 1, 2008, a program for tradable renewable energy credits for electricity generated by an eligible energy technology. The credits must represent energy produced by an eligible energy technology, as defined in subdivision 1. Each kilowatt-hour of renewable energy credits must be treated the same as a kilowatt-hour of eligible energy technology generated or procured by an electric utility if it is produced by an eligible energy technology. The program must permit a credit to be used only once. The program must treat all eligible energy ~~technology~~ technologies equally and shall not give more or less credit to energy based on the state where the energy ~~was~~ is generated or the technology with which the energy ~~was~~ is generated. The commission must determine the period in which the credits may be used for purposes of the program.

(b) In lieu of generating or procuring energy directly to satisfy the ~~eligible~~ advanced energy ~~technology objective or~~ standard of this section, an electric utility may utilize renewable energy credits allowed under the program to satisfy the ~~objective or~~ standard.

(c) The commission shall facilitate the trading of renewable energy credits between states.

(d) The commission shall require all electric utilities to participate in a commission-approved credit-tracking system or systems. Once a credit-tracking system is in operation, the commission shall issue an order establishing protocols for trading credits.

(e) An electric utility subject to subdivision 2a, paragraph (b), may not sell renewable energy credits to an electric utility subject to subdivision 2a, paragraph (a), until 2021.

Subd. 5. **Technology based on fuel combustion.** (a) Electricity produced by fuel combustion through fuel blending or co-firing under paragraph (b) may only count toward a utility's ~~objectives or~~ standards if the generation facility:

(1) was constructed in compliance with new source performance standards promulgated under the federal Clean Air Act, United States Code, title 42, section 7401 et seq., for a generation facility of that type; or

(2) employs the maximum achievable or best available control technology available for a generation facility of that type.

(b) An eligible energy technology may blend or co-fire a fuel listed in subdivision 1, paragraph (a), clause (5), with other fuels in the generation facility, but only the percentage of electricity that is attributable to a fuel listed in that clause can be counted toward an electric utility's renewable energy objectives.

Subd. 7. **Compliance.** The commission must regularly investigate whether an electric utility is in compliance with its ~~good faith objective under subdivision 2 and~~ standard obligation under subdivision 2a. If the commission finds noncompliance, it may order the electric utility to construct facilities, purchase energy generated by eligible

energy technology, purchase renewable energy credits, or engage in other activities to achieve compliance. If an electric utility fails to comply with an order under this subdivision, the commission may impose a financial penalty on the electric utility in an amount not to exceed the estimated cost of the electric utility to achieve compliance. The penalty may not exceed the lesser of the cost of constructing facilities or purchasing credits. The commission must deposit financial penalties imposed under this subdivision in the energy and conservation account established in the special revenue fund under section 216B.241, subdivision 2a. This subdivision is in addition to and does not limit any other authority of the commission to enforce this section.

Subd. 8. **Relation to other law.** This section does not limit the authority of the commission under any other law, including, without limitation, sections 216B.2422 and 216B.243.

Subd. 9. **Local benefits.** The commission shall take all reasonable actions within its statutory authority to ensure this section is implemented to maximize benefits to Minnesota citizens, balancing factors such as local ownership of or participation in energy production, development and ownership of eligible energy technology facilities by independent power producers, Minnesota utility ownership of eligible energy technology facilities, the costs of energy generation to satisfy the ~~renewable~~ advanced energy standard, and the reliability of electric service to Minnesotans.

Subd. 10. **Utility acquisition of resources.** A competitive resource acquisition process established by the commission prior to June 1, 2007, shall not apply to a utility for the construction, ownership, and operation of generation facilities used to satisfy the requirements of this section unless, upon a finding that it is in the public interest, the commission issues an order on or after June 1, 2007, that requires compliance by a utility with a competitive resource acquisition process. A utility that owns a nuclear generation facility and intends to construct, own, or operate facilities under this section shall file with the commission on or before March 1, 2008, a renewable energy plan setting forth the manner in which the utility proposes to meet the requirements of this section~~, including a proposed schedule for purchasing renewable energy from C-BED and non-C-BED projects~~. The utility shall update the plan as necessary in its filing under section 216B.2422. The commission shall approve the plan unless it determines, after public hearing and comment, that the plan is not in the public interest. ~~As part of its determination of public interest, the commission shall consider the plan's allocation of projects among C-BED, non-C-BED, and utility-owned projects, balancing the state's interest in:~~

~~(1) promoting the policy of economic development in rural areas through the development of renewable energy projects, as expressed in subdivision 9;~~

~~(2) maintaining the reliability of the state's electric power grid; and~~

~~(3) minimizing cost impacts on ratepayers.~~

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

Sec. 7. Minnesota Statutes 2014, section 216B.243, subdivision 8, is amended to read:

Subd. 8. **Exemptions.** (a) This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas;

(6) the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater; ~~or~~

(7) a wind energy conversion system or solar electric generation facility if the system or facility is owned and operated by an independent power producer and the electric output of the system or facility is not sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator; or

(8) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar energy generating large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that:

(i) will not result in the facility exceeding the nameplate capacity under its most recent interconnection agreement; or

(ii) will result in the facility exceeding the nameplate capacity under its most recent interconnection agreement, provided that the Midcontinent Independent System Operator has provided a signed generator interconnection agreement that reflects the expected net power increase.

(b) For the purpose of this subdivision, "repowering project" means:

(1) modifying a large wind energy conversion system or a solar energy generating large energy facility to increase its efficiency without increasing its nameplate capacity;

(2) replacing turbines in a large wind energy conversion system without increasing the nameplate capacity of the system; or

(3) increasing the nameplate capacity of a large wind energy conversion system.

Sec. 8. **[216C.417] PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVES.**

Subdivision 1. **General provisions.** Payment of a "Made in Minnesota" solar energy production incentive to an owner whose application was approved by the commissioner of commerce under Minnesota Statutes 2014, section 216C.415, prior to the effective date of this act shall be administered under the provisions of Minnesota Statutes 2014, sections 216C.411, 216C.413, 216C.414, subdivisions 1 to 3 and 5 to 6, and 216C.415.

Subd. 2. **Appropriation.** (a) Unspent money remaining in the account established under Minnesota Statutes 2014, section 216C.412, as of June 30, 2015, must be returned to the account established under section 116C.779, subdivision 1.

(b) There is annually appropriated from the energy fund account established in section 116C.779 to the commissioner of commerce money sufficient to make the incentive payments required under Minnesota Statutes 2014, section 216C.415, and to administer that section.

Subd. 3. **Eligibility window; payment duration.** (a) Payments may be made under this subdivision only for solar photovoltaic module installations that first begin generating electricity between January 1, 2014, and the effective date of this act.

(b) The payment eligibility window of the incentive begins and runs consecutively from the date the solar photovoltaic modules first begins generating electricity.

(c) An owner of solar photovoltaic modules may receive payments under this section for a particular module for a period of ten years, provided that sufficient funds are available in the account.

(d) No payment may be made under this section for electricity generated after December 31, 2025.

(e) An owner of solar photovoltaic modules may not receive payments under this section for any solar photovoltaic modules that first begin generating electricity after the effective date of this act.

Sec. 9. **[216C.419] ENERGY FUND ACCOUNT SOLAR INCENTIVE PAYMENT.**

Subdivision 1. **Eligibility.** A qualifying facility that is a solar energy system, as defined in section 216C.06, subdivision 17, with a capacity no greater than ten kilowatts, that first elects compensation under section 216B.164 after the effective date of this act is eligible to receive an incentive payment under this section.

Subd. 2. **Amount.** The per kilowatt-hour amount of the energy fund account incentive payment shall be determined by the commissioner.

Subd. 3. **Incentive payment.** (a) An incentive payment is equal to the per kilowatt-hour amount calculated in subdivision 3 multiplied by the number of kilowatt-hours purchased from the qualifying facility by the utility to which it is interconnected.

(b) An incentive payment may be made under this section to an owner of a particular solar energy system or wind energy conversion system for a period of ten years.

(c) A qualifying facility seeking an incentive payment under this section must file an application with the commissioner, on a form determined by the commissioner, and must satisfy any other requirements the commissioner deems are necessary. Payment of the incentive may only be made upon certification by the commissioner of commerce that the qualifying facility is eligible to receive payment under this section.

(d) The commissioner shall develop administrative procedures governing the application process and the awarding of incentive payments as necessary to implement this section.

Subd. 4. **Appropriation.** There is annually appropriated to the commissioner of commerce from the energy fund account established in section 116C.779 sums sufficient to make the incentive payments required under this section and to reimburse the department for reasonable costs incurred in administering this section.

Sec. 10. **[216E.022] SETBACK FOR SOLAR ENERGY GENERATING SYSTEMS.**

Solar panels that are part of a solar energy generating system that has been issued a site permit under this chapter must be set back at least 400 feet from any dwelling unless:

(1) a local ordinance or regulation requires a greater setback; or

(2) the property owner of the adjacent property and the owner of the solar energy generating system have reached a mutual agreement in writing allowing for a smaller setback, provided that the agreement is not less restrictive than allowed under any applicable ordinance or regulation unless a valid variance to the setback requirement imposed by the ordinance or regulation has been granted.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to solar energy generating systems for which site permit applications under this chapter have been filed after January 1, 2015.

Sec. 11. **[216E.023] SURETY BONDS; LARGE SOLAR ENERGY GENERATING FACILITIES.**

(a) A large energy facility, as defined in section 216B.2421, that is powered by a solar energy generating system must maintain a current, valid corporate surety bond issued by a surety company admitted to do business in Minnesota in an amount sufficient to pay the entire cost of (1) disassembling and removing the solar energy generating system, and (2) land reclamation, in the event the large energy facility discontinues operations.

(b) The commission may not approve an application for a certificate of need under section 216B.243 or a site permit under this chapter unless the applicant demonstrates it meets the requirements of paragraph (a).

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

Sec. 12. Minnesota Statutes 2014, section 216E.03, subdivision 5, is amended to read:

Subd. 5. **Environmental review.** (a) The commissioner of the Department of Commerce shall prepare for the commission an environmental impact statement on each proposed large electric generating plant or high-voltage transmission line for which a complete application has been submitted. The commissioner shall not consider whether or not the project is needed. No other state environmental review documents shall be required. The commissioner shall study and evaluate any site or route proposed by an applicant and any other site or route the commission deems necessary that was proposed in a manner consistent with rules concerning the form, content, and timeliness of proposals for alternate sites or routes.

(b) If the proposed large electric power generating plant is to be constructed on agricultural land, the environmental impact statement must include an analysis of the impact of construction on any agricultural drainage system under the surface of the construction site, including the impact on other agricultural land that is part of the same drainage system.

(c) For the purpose of this subdivision, "agricultural drainage system" means a publicly or privately owned drainage system that is installed or modified to improve the productivity of agricultural land. Agricultural drainage system includes all tile, pipe, or tubing of any material beneath the surface, and any associated inlets and outlets.

(d) If the proposed large electric generating plant is a solar energy generating system, the environmental impact statement must include the results of an analysis of reflected solar irradiance from the solar panels and its impact at specific observation points, including but not limited to nearby airports, air traffic, highways, and residences. The analysis must measure the incidence and duration of solar glare at these observation points during various seasons of the year and times of day, and discuss how such impacts can be mitigated by relocating solar panels or changing the angles at which they are set.

Sec. 13. Minnesota Statutes 2014, section 216E.03, subdivision 7, is amended to read:

Subd. 7. **Considerations in designating sites and routes.** (a) The commission's site and route permit determinations must be guided by the state's goals to conserve resources, minimize environmental impacts, minimize human settlement and other land use conflicts, and ensure the state's electric energy security through efficient, cost-effective power supply and electric transmission infrastructure.

(b) To facilitate the study, research, evaluation, and designation of sites and routes, the commission shall be guided by, but not limited to, the following considerations:

(1) evaluation of research and investigations relating to the effects on land, water and air resources of large electric power generating plants and high-voltage transmission lines and the effects of water and air discharges and electric and magnetic fields resulting from such facilities on public health and welfare, vegetation, animals, materials and aesthetic values, including baseline studies, predictive modeling, and evaluation of new or improved methods for minimizing adverse impacts of water and air discharges and other matters pertaining to the effects of power plants on the water and air environment;

(2) environmental evaluation of sites and routes proposed for future development and expansion and their relationship to the land, water, air and human resources of the state;

(3) evaluation of the effects of new electric power generation and transmission technologies and systems related to power plants designed to minimize adverse environmental effects;

(4) evaluation of the potential for beneficial uses of waste energy from proposed large electric power generating plants;

(5) analysis of the direct and indirect economic impact of proposed sites and routes including, but not limited to, productive agricultural land lost or impaired;

(6) evaluation of adverse direct and indirect environmental effects that cannot be avoided should the proposed site and route be accepted;

(7) evaluation of alternatives to the applicant's proposed site or route proposed pursuant to subdivisions 1 and 2;

(8) evaluation of potential routes that would use or parallel existing railroad and highway rights-of-way;

(9) evaluation of governmental survey lines and other natural division lines of agricultural land so as to minimize interference with agricultural operations;

(10) evaluation of the future needs for additional high-voltage transmission lines in the same general area as any proposed route, and the advisability of ordering the construction of structures capable of expansion in transmission capacity through multiple circuiting or design modifications;

(11) evaluation of irreversible and irretrievable commitments of resources should the proposed site or route be approved; ~~and~~

(12) ~~when appropriate, consideration~~ evaluation of problems raised by other state and federal agencies and local entities~~.~~; and

(13) evaluation of the impact on local land use, including the extent to which the proposed site conflicts with county or local comprehensive plans, or official controls governing future development.

(c) If the commission's rules are substantially similar to existing regulations of a federal agency to which the utility in the state is subject, the federal regulations must be applied by the commission.

(d) No site or route shall be designated which violates state agency rules.

(e) The commission must make specific findings that it has considered locating a route for a high-voltage transmission line on an existing high-voltage transmission route and the use of parallel existing highway right-of-way and, to the extent those are not used for the route, the commission must state the reasons.

Sec. 14. Minnesota Statutes 2014, section 216E.04, subdivision 5, is amended to read:

Subd. 5. **Environmental review.** (a) For the projects identified in subdivision 2 and following these procedures, the commissioner of the Department of Commerce shall prepare for the commission an environmental assessment. The environmental assessment shall contain information on the human and environmental impacts of the proposed project and other sites or routes identified by the commission and shall address mitigating measures for all of the sites or routes considered. If the proposed project is a large electric power generating plant to be constructed on agricultural land, the environmental assessment must include an analysis of the construction's impact on any agricultural drainage system under the surface of the construction site, including the impact on other agricultural land that is part of the same drainage system. The environmental assessment shall be the only state environmental review document required to be prepared on the project.

(b) For the purpose of this subdivision, "agricultural drainage system" means a publicly or privately owned drainage system that is installed or modified to improve the productivity of agricultural land. Agricultural drainage system includes all tile, pipe, or tubing of any material beneath the surface, and any associated inlets and outlets.

(c) If the proposed large electric generating plant is a solar energy generating system, the environmental assessment must include the results of an analysis of reflected solar irradiance from the solar panels and its impact at specific observation points, including but not limited to nearby airports, air traffic, highways, and residences. The analysis must measure the incidence and duration of solar glare at these observation points during various seasons of the year and times of day, and discuss how such impacts can be mitigated by relocating solar panels or changing the angles at which they are set.

Sec. 15. **[216E.19] REQUIREMENT FOR LOCAL APPROVAL.**

Notwithstanding the provisions of this chapter, the commission may not issue a site permit for a solar energy generating system until all required local permits have been granted and a resolution approving construction of the project is adopted by the local governing body in which the proposed project site is located, provided that the local governing body:

(1) has intervened as a formal party to the public hearing conducted under section 216E.03, subdivision 6, or 216E.04, subdivision 6; and

(2) has participated fully in the public hearing and has made its concerns regarding the project part of the record established at the public hearing.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to solar energy generating systems for which site permit applications under this chapter have been filed after January 1, 2015.

Sec. 16. Laws 2008, chapter 296, article 1, section 25, the effective date, as amended by Laws 2010, chapter 333, article 1, section 33, and Laws 2012, chapter 244, article 1, section 76, is amended to read:

EFFECTIVE DATE. This section is effective June 1, ~~2017~~ 2016.

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

Sec. 17. **PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR THERMAL REBATES.**

(a) No rebate may be paid under Minnesota Statutes 2014, section 216C.416, to an owner of a solar thermal system whose application was approved by the commissioner after the effective date of this act.

(b) Unspent money remaining in the account established under Minnesota Statutes 2014, section 216C.416, as of June 30, 2015, must be returned to the energy fund account established under section 116C.779, subdivision 1.

Sec. 18. **REPEALER.**

(a) Minnesota Statutes 2014, sections 216B.8109; 216B.811; 216B.812; 216B.813; and 216B.815, are repealed.

(b) Minnesota Statutes 2014, section 216B.164, subdivision 10, is repealed.

(c) Minnesota Statutes 2014, section 116C.779, subdivision 3, is repealed.

(d) Minnesota Statutes 2014, sections 174.187; 216C.411; 216C.412; 216C.413; 216C.414; 216C.415; and 216C.416, are repealed.

(e) Laws 2013, chapter 85, article 6, section 11, is repealed.

(f) Minnesota Statutes 2014, sections 216B.1612; and 216C.39, are repealed.

ARTICLE 10
GREENHOUSE GAS EMISSIONS

Section 1. Minnesota Statutes 2014, section 216H.01, is amended by adding a subdivision to read:

Subd. 1a. **Cogeneration facility or combined heat and power facility.** "Cogeneration facility" or "combined heat and power facility" has the meaning given in United States Code, title 16, section 796(18)(B).

Sec. 2. Minnesota Statutes 2014, section 216H.02, subdivision 1, is amended to read:

Subdivision 1. **Greenhouse gas emissions-reduction goal.** It is the goal of the state to reduce statewide greenhouse gas emissions ~~across all sectors producing those emissions to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050. The levels shall be reviewed based on the climate change action plan study~~ to the level proposed in the plan approved under section 216H.077.

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

Sec. 3. Minnesota Statutes 2014, section 216H.03, subdivision 1, is amended to read:

Subdivision 1. **Definition; new large energy facility.** For the purpose of this section, "new large energy facility" means a large energy facility, as defined in section 216B.2421, subdivision 2, clause (1), that is not in operation as of January 1, 2007, but does not include a facility that (1) uses natural gas as a primary fuel, (2) is a cogeneration facility or combined heat and power facility, or is designed to provide peaking, intermediate, emergency backup, or contingency services, (3) uses a simple cycle or combined cycle turbine technology, and (4) is capable of achieving full load operations within 45 minutes of startup for a simple cycle facility, or is capable of achieving minimum load operations within 185 minutes of startup for a combined cycle facility.

Sec. 4. Minnesota Statutes 2014, section 216H.03, subdivision 3, is amended to read:

Subd. 3. **Long-term increased emissions from power plants prohibited.** Unless preempted by federal law, until a comprehensive and enforceable state law or rule pertaining to greenhouse gases that directly limits and substantially reduces, over time, statewide power sector carbon dioxide emissions is enacted and in effect, and except as allowed in subdivisions 4 to 7, on and after August 1, 2009, no person shall~~:~~

~~(1)~~ construct within the state a new large energy facility that would contribute to statewide power sector carbon dioxide emissions~~;~~.

~~(2) import or commit to import from outside the state power from a new large energy facility that would contribute to statewide power sector carbon dioxide emissions; or~~

~~(3) enter into a new long-term power purchase agreement that would increase statewide power sector carbon dioxide emissions. For purposes of this section, a long-term power purchase agreement means an agreement to purchase 50 megawatts of capacity or more for a term exceeding five years.~~

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

Sec. 5. Minnesota Statutes 2014, section 216H.03, subdivision 7, is amended to read:

Subd. 7. **Other exemptions.** The prohibitions in subdivision 3 do not apply to:

(1) a new large energy facility under consideration by the Public Utilities Commission pursuant to proposals or applications filed with the Public Utilities Commission before April 1, 2007, or to any power purchase agreement related to a facility described in this clause. The exclusion of pending proposals and applications from the prohibitions in subdivision 3 does not limit the applicability of any other law and is not an expression of legislative intent regarding whether any pending proposal or application should be approved or denied;

(2) a contract not subject to commission approval that was entered into prior to April 1, 2007, to purchase power from a new large energy facility that was approved by a comparable authority in another state prior to that date, for which municipal or public power district bonds have been issued, and on which construction has begun;

(3) a new large energy facility ~~or a power purchase agreement between a Minnesota utility and a new large energy facility~~ located ~~outside~~ within Minnesota that the Public Utilities Commission has determined is essential to ensure the long-term reliability of Minnesota's electric system, to allow electric service for increased industrial demand, or to avoid placing a substantial financial burden on Minnesota ratepayers. An order of the commission granting an exemption under this clause is stayed until the June 1 following the next regular or annual session of the legislature that begins after the date of the commission's final order; or

(4) a new large energy facility with a combined electric generating capacity of less than 100 megawatts, which did not require a Minnesota certificate of need, which received an air pollution control permit to construct from an adjoining state before January 1, 2008, and on which construction began before July 1, 2008, or to any power purchase agreement related to a facility described in this clause.

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

Sec. 6. Minnesota Statutes 2014, section 216H.07, is amended to read:

216H.07 EMISSIONS-REDUCTION ATTAINMENT; POLICY DEVELOPMENT PROCESS.

Subdivision 1. **Definition.** For the purpose of this section, "reductions" means the greenhouse gas emissions-reductions ~~goals~~ goal specified in section 216H.02, subdivision 1.

Subd. 2. **Purpose.** This section is intended to create a nonexclusive, regular, mandated process for the state to develop policies to attain the greenhouse gas reduction ~~goals~~ goal specified in section 216H.02.

Subd. 3. **Biennial report.** (a) By January 15 of each odd-numbered year, the commissioners of commerce and the Pollution Control Agency shall jointly report to the chairs and ranking minority members of the legislative committees with primary policy jurisdiction over energy and environmental issues the most recent and best available evidence identifying the level of reductions already achieved and the ~~level necessary to achieve the~~ prospects for achieving future reductions ~~timetable in section 216H.02~~.

(b) The report must be in easily understood nontechnical terms.

Subd. 5. **Reduction principles.** Legislation proposed under subdivision 4 must be based on the following principles:

(1) the greenhouse gas emissions-reduction ~~goals~~ goal specified in section 216H.02, subdivision 1, must be ~~attained~~ pursued;

(2) ~~the reductions must be attained on a schedule that keeps pace with the reduction timetable required by section 216H.02, subdivision 1;~~

~~(3)~~ conservation, including ceasing some activities, doing some activities less, and doing some activities more energy efficiently, is the first choice for reduction;

~~(4)~~ (3) public education is a key component;

~~(5)~~ (4) all levels of government should lead by example;

~~(6)~~ (5) strategies that may lead to economic dislocation should be phased in and should be coupled with strategies that address the dislocation; and

~~(7)~~ (6) there must be coordination with other federal and regional greenhouse gas emissions-reduction requirements so that the state benefits and is not penalized from its reduction activities.

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

Sec. 7. **[216H.077] REQUIREMENT FOR LEGISLATIVE APPROVAL.**

The commissioner of the Pollution Control Agency may not submit a plan to the federal Environmental Protection Agency to comply with the proposed rule for the federal Clean Power Plan for Existing Power Plants, as published in the Federal Register on June 18, 2014, Docket No. EPA-HQ-OAR-2013-0602, or any final rule issued in that docket or federal order pertaining thereto, unless the plan has been approved by state law.

Sec. 8. **REPEALER.**

Minnesota Statutes 2014, section 216H.02, subdivisions 2, 3, 4, 5, and 6, are repealed.

ARTICLE 11
MISCELLANEOUS ENERGY POLICY

Section 1. Minnesota Statutes 2014, section 3.8851, subdivision 7, is amended to read:

Subd. 7. **Assessment; appropriation.** (a) Upon request by the cochairs of the commission, the commissioner of commerce shall assess the amount requested for the operation of the commission, not to exceed ~~$250,000~~ $150,000 in a fiscal year, from the following sources:

(1) 50 percent of the assessment must come from all public utilities, municipal utilities, electric cooperative associations, generation and transmission cooperative electric associations, and municipal power agencies providing electric or natural gas services in Minnesota; and

(2) 50 percent of the assessment must come from all bulk terminals located in this state from which petroleum products and liquid petroleum gas are dispensed.

(b) The commissioner of commerce shall apportion the assessment amount requested among the entities in paragraph (a), clause (1), in proportion to their respective gross operating revenues from energy sold within the state during the most recent calendar year.

(c) The commissioner of commerce shall apportion the assessment amount requested equally among the referenced entities in paragraph (a), clause (2).

(d) The entities in paragraph (a), clause (1), must provide information to the commissioner of commerce to allow for calculation of the assessment.

(e) The assessments under this subdivision are in addition to assessments made under section 216B.62. The amount assessed under this section must be deposited in the Legislative Energy Commission account in the special revenue fund. Funds in the Legislative Energy Commission account are appropriated to the director of the Legislative Coordinating Commission for the purposes of this section, and are available until expended. Utilities selling gas and electric service at retail must be assessed and billed in accordance with the procedures provided in section 216B.62, to the extent that these procedures do not conflict with this subdivision.

(f) The commission shall provide a detailed report of its income and expenses in the prior calendar year by January 1 of each year to the standing committees of the house of representatives and the senate with jurisdiction over energy issues.

Sec. 2. Minnesota Statutes 2014, section 12A.15, subdivision 1, is amended to read:

Subdivision 1. **State cost-share for federal assistance.** State appropriations may be used to pay 100 percent of the nonfederal share for state agencies ~~and~~, local governments, and utility cooperatives under section 12.221. An appropriation from the bond proceeds fund may be used as cost-share for federal disaster assistance for publicly owned capital improvement projects.

Sec. 3. Minnesota Statutes 2014, section 216B.16, subdivision 8, is amended to read:

Subd. 8. **Advertising expense.** (a) The commission shall disapprove the portion of any rate which makes an allowance directly or indirectly for expenses incurred by a public utility to provide a public advertisement which:

(1) is designed to influence or has the effect of influencing public attitudes toward legislation or proposed legislation, or toward a rule, proposed rule, authorization or proposed authorization of the Public Utilities Commission or other agency of government responsible for regulating a public utility;

(2) is designed to justify or otherwise support or defend a rate, proposed rate, practice or proposed practice of a public utility;

(3) is designed primarily to promote consumption of the services of the utility, except for the promotion of:

(i) electric vehicles;

(ii) electric water heaters that are electronically activated by a utility to operate when low-priced electricity generated from a renewable source is available;

(iii) ground or air source heat pumps that displace propane or fuel oil; or

(iv) vehicles fueled with compressed natural gas;

(4) is designed primarily to promote good will for the public utility or improve the utility's public image; or

(5) is designed to promote the use of nuclear power or to promote a nuclear waste storage facility.

(b) The commission may approve a rate which makes an allowance for expenses incurred by a public utility to disseminate information which:

(1) is designed to encourage conservation of energy supplies;

(2) is designed to promote safety; or

(3) is designed to inform and educate customers as to financial services made available to them by the public utility.

(c) The commission shall not withhold approval of a rate because it makes an allowance for expenses incurred by the utility to disseminate information about corporate affairs to its owners.

(d) For the purposes of this subdivision:

(1) "electric vehicle" has the meaning given in section 169.011, subdivision 26a; and

(2) "renewable source" has the meaning given to "eligible energy technology" in section 216B.1691, subdivision 1.

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

Sec. 4. Minnesota Statutes 2014, section 216B.16, subdivision 12, is amended to read:

Subd. 12. **Exemption for small gas utility franchise.** (a) A municipality may file with the commission a resolution of its governing body requesting exemption from the provisions of this section for a public utility that is under a franchise with the municipality to supply natural, manufactured, or mixed gas and that serves 650 or fewer customers in the municipality as long as the public utility serves no more than a total of ~~2,000~~ 5,000 customers.

(b) The commission shall grant an exemption from this section for that portion of a public utility's business that is requested by each municipality it serves. Furthermore, the commission shall also grant the public utility an exemption from this section for any service provided outside of a municipality's border that is considered by the commission to be incidental. The public utility shall file with the commission and the department all initial and subsequent changes in rates, tariffs, and contracts for service outside the municipality at least 30 days in advance of implementation.

(c) However, the commission shall require the utility to adopt the commission's policies and procedures governing disconnection during cold weather. The utility shall annually submit a copy of its municipally approved rates to the commission.

(d) In all cases covered by this subdivision in which an exemption for service outside of a municipality is granted, the commission may initiate an investigation under section 216B.17, on its own motion or upon complaint from a customer.

(e) If a municipality files with the commission a resolution of its governing body rescinding the request for exemption, the commission shall regulate the public utility's business in that municipality under this section.

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

Sec. 5. Minnesota Statutes 2014, section 216B.16, subdivision 6, is amended to read:

Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, and reasonable service and to the need of the public utility for revenue sufficient to enable it to meet the cost of furnishing the service, including adequate provision for depreciation of its utility property used and useful in rendering service to the public, and to earn a fair and reasonable return upon the investment in such property. In determining the rate base upon which the utility is to be allowed to earn a fair rate of return, the commission shall give due consideration to evidence of the cost of the property when first devoted to public use, to prudent acquisition cost to the public utility less appropriate depreciation on each, to construction work in progress, to offsets in the nature of capital provided by sources other than the investors, and to other expenses of a capital nature. For purposes of determining rate base, the commission shall consider the original cost of utility property included in the base and shall make no allowance for its estimated current replacement value. If the commission orders a generating facility to terminate its operations before the end of the facility's physical life in order to comply with a specific state or federal energy statute or policy, the commission shall allow the public utility to recover the positive net book value of the facility.

Sec. 6. Minnesota Statutes 2014, section 216B.16, subdivision 7b, is amended to read:

Subd. 7b. **Transmission cost adjustment.** (a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

(i) new transmission facilities that have been separately filed and reviewed and approved by the commission under section 216B.243 or new transmission or distribution facilities that are certified as a priority project or deemed to be a priority transmission project under section 216B.2425;

(ii) new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system; and

(iii) charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system.

(b) Upon filing by a public utility or utilities providing transmission service, the commission may approve, reject, or modify, after notice and comment, a tariff that:

(1) allows the utility to recover on a timely basis the costs net of revenues of facilities approved under section 216B.243 or certified or deemed to be certified under section 216B.2425 or exempt from the requirements of section 216B.243;

(2) allows the utility to recover charges incurred under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system. These charges must be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset;

(3) allows the utility to recover on a timely basis the costs net of revenues of facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system;

(4) allows the utility to recover costs associated with distribution planning required under section 216B.2425;

(5) allows the utility to recover costs associated with investments in distribution facilities to modernize the utility's grid that have been certified by the commission under section 216B.2425;

(6) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest;

~~(5)~~ (7) provides a current return on construction work in progress, provided that recovery from Minnesota retail customers for the allowance for funds used during construction is not sought through any other mechanism;

~~(6)~~ (8) allows for recovery of other expenses if shown to promote a least-cost project option or is otherwise in the public interest;

~~(7)~~ (9) allocates project costs appropriately between wholesale and retail customers;

~~(8)~~ (10) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the project or projects or is otherwise in the public interest; and

~~(9)~~ (11) terminates recovery once costs have been fully recovered or have otherwise been reflected in the utility's general rates.

(c) A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

(1) a description of and context for the facilities included for recovery;

(2) a schedule for implementation of applicable projects;

(3) the utility's costs for these projects;

(4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the project; and

(5) calculations to establish that the rate adjustment is consistent with the terms of the tariff established in paragraph (b).

(d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in paragraph (b), the commission shall approve the annual rate adjustments provided that, after notice and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest feasible and prudent cost to ratepayers.

Sec. 7. Minnesota Statutes 2014, section 216B.16, subdivision 19, is amended to read:

Subd. 19. **Multiyear rate plan.** (a) A public utility may propose, and the commission may approve, approve as modified, or reject, a multiyear rate plan as provided in this subdivision. The term "multiyear rate plan" refers to a plan establishing the rates the utility may charge for each year of the specified period of years, which cannot exceed ~~three~~ five years, to be covered by the plan.

(b) A utility proposing a multiyear rate plan shall provide a general description of the utility's major planned investments over the plan period. The commission may also require the utility to provide a set of reasonable performance measures and incentives that are quantifiable, verifiable, and consistent with state energy policies. The commission may allow the utility to adjust recovery of its cost of capital or other costs in a reasonable manner within the plan period.

(c) The utility may propose:

(1) recovery of the utility's forecasted rate base, based on a formula, a budget forecast, or a fixed escalation rate, individually or in combination. The forecasted rate base must include the utility's planned capital investments and investment-related costs, including income tax impacts, depreciation and property taxes, as well as forecasted capacity-related costs from purchased power agreements that are not recovered through section 216B.16, subdivision 7;

(2) recovery of operations and maintenance expenses, based on an electricity-related price index or other formula;

(3) tariffs that expand the products and services available to customers, including but not limited to an affordability rate for low-income residential customers; and

(4) adjustments to the rates approved under the multiyear plan for rate changes that the commission determines to be just and reasonable, including but not limited to changes in the utility's cost of operating its nuclear facilities, or other significant investments not addressed in the plan.

(d) A utility that has filed a petition with the commission to approve a multiyear rate plan may request to be allowed to implement interim rates for the first and second years of the multiyear plan. If the commission approves the request, interim rates shall be implemented in the same manner as allowed under subdivision 3.

(e) The commission may approve a multiyear rate plan only if it finds that the plan establishes just and reasonable rates for the utility, applying the factors described in subdivision 6. Consistent with subdivision 4, the burden of proof to demonstrate that the multiyear rate plan is just and reasonable is on the public utility proposing the plan.

~~(b)~~ (f) Rates charged under the multiyear rate plan must be based only upon the utility's reasonable and prudent costs of service over the term of the plan, as determined by the commission, provided that the costs are not being recovered elsewhere in rates. Rate adjustments authorized under subdivisions 6b and 7 may continue outside of a plan authorized under this subdivision.

~~(c)~~ (g) The commission may, by order, establish terms, conditions, and procedures for a multiyear rate plan necessary to implement this section and ensure that rates remain just and reasonable during the course of the plan, including terms and procedures for rate adjustment. At any time prior to conclusion of a multiyear rate plan, the commission, upon its own motion or upon petition of any party, has the discretion to examine the reasonableness of the utility's rates under the plan, and adjust rates as necessary.

~~(d)~~ (h) In reviewing a multiyear rate plan proposed in a general rate case under this section, the commission may extend the time requirements for issuance of a final determination prescribed in this section by an additional 90 days beyond its existing authority under subdivision 2, paragraph (f).

~~(e)~~ (i) A utility may not file a multiyear rate plan that would establish rates under the terms of the plan until after May 31, 2012.

(j) The commission may initiate a proceeding to determine a set of performance measures that can be used to assess a utility operating under a multiyear rate plan.

Sec. 8. Minnesota Statutes 2014, section 216B.2425, is amended to read:

216B.2425 STATE TRANSMISSION AND DISTRIBUTION PLAN.

Subdivision 1. **List.** The commission shall maintain a list of certified high-voltage transmission line projects.

Subd. 2. **List development; transmission projects report.** (a) By November 1 of each odd-numbered year, a transmission projects report must be submitted to the commission by each utility, organization, or company that:

(1) is a public utility, a municipal utility, a cooperative electric association, the generation and transmission organization that serves each utility or association, or a transmission company; and

(2) owns or operates electric transmission lines in Minnesota, except a company or organization that owns a transmission line that serves a single customer or interconnects a single generating facility.

(b) The report may be submitted jointly or individually to the commission.

(c) The report must:

(1) list specific present and reasonably foreseeable future inadequacies in the transmission system in Minnesota;

(2) identify alternative means of addressing each inadequacy listed;

(3) identify general economic, environmental, and social issues associated with each alternative; and

(4) provide a summary of public input related to the list of inadequacies and the role of local government officials and other interested persons in assisting to develop the list and analyze alternatives.

(d) To meet the requirements of this subdivision, reporting parties may rely on available information and analysis developed by a regional transmission organization or any subgroup of a regional transmission organization and may develop and include additional information as necessary.

(e) In addition to providing the information required under this subdivision, a utility operating under a multiyear rate plan approved by the commission under section 216B.16, subdivision 19, shall identify in its report investments that it considers necessary to modernize the transmission and distribution system by enhancing reliability, improving security against cyber and physical threats, and increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

Subd. 3. **Commission approval.** By June 1 of each even-numbered year, the commission shall adopt a state transmission project list and shall certify, certify as modified, or deny certification of the transmission and distribution projects proposed under subdivision 2. The commission may only certify a project that is a high-voltage transmission line as defined in section 216B.2421, subdivision 2, that the commission finds is:

(1) necessary to maintain or enhance the reliability of electric service to Minnesota consumers;

(2) needed, applying the criteria in section 216B.243, subdivision 3; and

(3) in the public interest, taking into account electric energy system needs and economic, environmental, and social interests affected by the project.

Subd. 4. **List; effect.** Certification of a project as a priority electric transmission project satisfies section 216B.243. A certified project on which construction has not begun more than six years after being placed on the list, must be reapproved by the commission.

Subd. 5. **Transmission inventory.** The Department of Commerce shall create, maintain, and update annually an inventory of transmission lines in the state.

Subd. 6. **Exclusion.** This section does not apply to any transmission line proposal that has been approved by, or was pending before, a local unit of government, the Environmental Quality Board, or the Public Utilities Commission on August 1, 2001.

Subd. 7. **Transmission needed to support renewable resources.** (a) Each entity subject to this section shall determine necessary transmission upgrades to support development of renewable energy resources required to meet objectives under section 216B.1691 and shall include those upgrades in its report under subdivision 2.

(b) MS 2008 [Expired]

Subd. 8. **Distribution study for distributed generation.** Each entity subject to this section that is operating under a multiyear rate plan approved under section 216B.16, subdivision 19, shall conduct a distribution study to identify interconnection points on its distribution system for small-scale distributed generation resources and identify necessary distribution upgrades to support the continued development of distributed generation resources. The study shall be included in its report required under subdivision 2.

Sec. 9. **[216B.1616] ELECTRIC VEHICLE REBATES.**

Subdivision 1. **Definition.** For the purposes of this section, "electric vehicle" has the meaning given in section 169.011, subdivision 26a, paragraph (a).

Subd. 2. **Program.** (a) The commissioner of commerce shall develop and implement a program to provide rebates to electric vehicle owners who meet the eligibility requirements of subdivision 3.

(b) Applications for rebates under this section shall be filed with the commissioner on a form developed by the commissioner. The commissioner shall develop administrative procedures governing the application and rebate award process. Applications will be reviewed and rebates awarded on a first-come, first-served basis.

Subd. 3. **Eligibility.** The purchaser of an electric vehicle is eligible for a $2,500 rebate under this section if:

(1) the electric vehicle:

(i) has not been previously owned;

(ii) has not been modified from the original manufacturer's specifications; and

(iii) is purchased after the effective date of this act for use by the purchaser and not for resale; and

(2) the purchaser:

(i) is a natural person who is a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a), when the electric vehicle is purchased;

(ii) has not received a rebate or tax credit for the purchase of the same electric vehicle from another state;

(iii) registers the electric vehicle in Minnesota; and

(iv) is an electric service customer of the utility subject to section 116C.779.

Sec. 10. **[216B.1638] RECOVERY OF NATURAL GAS EXTENSION PROJECT COSTS.**

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

(b) "Contribution in aid of construction" means a monetary contribution, paid by a developer or local unit of government to a utility providing natural gas service to a community receiving that service as the result of a natural gas extension project, that reduces or offsets the difference between the total revenue requirement of the project and the revenue generated from the customers served by the project.

(c) "Developer" means a developer of the project or a person that owns or will own the property served by the project.

(d) "Local unit of government" means a city, county, township, commission, district, authority, or other political subdivision or instrumentality of this state.

(e) "Natural gas extension project" or "project" means the construction of new infrastructure or upgrades to existing natural gas facilities necessary to serve currently unserved or inadequately served areas.

(f) "Revenue deficiency" means the deficiency in funds that results when projected revenues from customers receiving natural gas service as the result of a natural gas extension project, plus any contributions in aid of construction paid by these customers, fall short of the total revenue requirement of the natural gas extension project.

(g) "Total revenue requirement" means the total cost of extending and maintaining natural gas service to a currently unserved or inadequately served area.

(h) "Transport customer" means a customer for whom a natural gas utility transports gas the customer has purchased from another natural gas supplier.

(i) "Unserved or inadequately served area" means an area in this state lacking adequate natural gas pipeline infrastructure to meet the demand of existing or potential end-use customers.

Subd. 2. **Filing.** (a) A public utility may petition the commission outside of a general rate case for a rider that shall include all of the utility's customers, including transport customers, to recover the revenue deficiency from a natural gas extension project.

(b) The petition shall include:

(1) a description of the natural gas extension project, including the number and location of new customers to be served and the distance over which natural gas will be distributed to serve the unserved or inadequately served area;

(2) the project's construction schedule;

(3) the proposed project budget;

(4) the amount of any contributions in aid of construction;

(5) a description of efforts made by the public utility to offset the revenue deficiency through contributions in aid to construction;

(6) the amount of the revenue deficiency, and how recovery of the revenue deficiency will be allocated among industrial, commercial, residential, and transport customers;

(7) the proposed method to be used to recover the revenue deficiency from each customer class, such as a flat fee, a volumetric charge, or another form of recovery;

(8) the proposed termination date of the rider to recover the revenue deficiency; and

(9) a description of benefits to the public utility's existing natural gas customers that will accrue from the natural gas extension project.

Subd. 3. **Review; approval.** (a) The commission shall allow opportunity for comment on the petition.

(b) The commission shall approve a public utility's petition for a rider to recover the costs of a natural gas extension project if it determines that:

(1) the project is designed to extend natural gas service to an unserved or inadequately served area; and

(2) project costs are reasonable and prudently incurred.

(c) The commission must not approve a rider under this section that allows a utility to recover more than 33 percent of the costs of a natural gas extension project.

(d) The revenue deficiency from a natural gas extension project recoverable through a rider under this section must include the currently authorized rate of return, incremental income taxes, incremental property taxes, incremental depreciation expenses, and any incremental operation and maintenance costs.

Subd. 4. **Commission authority; order.** The commission may issue orders necessary to implement and administer this section.

Subd. 5. **Implementation.** Nothing in this section commits a public utility to implement a project approved by the commission. The public utility seeking to provide natural gas service shall notify the commission whether it intends to proceed with the project as approved by the commission.

Subd. 6. **Evaluation and report.** By January 15, 2017, and every three years thereafter, the commission shall report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over energy policy:

(1) the number of public utilities and projects proposed and approved under this section;

(2) the total cost of each project;

(3) rate impacts of the cost recovery mechanism; and

(4) an assessment of the effectiveness of the cost recovery mechanism in realizing increased natural gas service to unserved or inadequately served areas from natural gas extension projects.

Sec. 11. **[216B.1647] PROPERTY TAX ADJUSTMENT; COOPERATIVE ASSOCIATION.**

A cooperative electric association that has elected to be subject to rate regulation under section 216B.026 is eligible to file with the commission for approval an adjustment for real personal property taxes, fees, and permits.

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

Sec. 12. **[216B.1696] COMPETITIVE RATE FOR ENERGY-INTENSIVE TRADE-EXPOSED ELECTRIC UTILITY CUSTOMER.**

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

(b) "Clean energy technology" is energy technology that generates electricity from a noncarbon-emitting resource, including but not limited to solar, wind, hydroelectric, and nuclear.

(c) "Energy-intensive trade-exposed customer" is defined to include:

(1) an iron mining extraction and processing facility, including a scram mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16;

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer;

(3) a copper, nickel, or precious metals mining extraction and processing facility;

(4) a steel mill and related facilities;

(5) an oil and liquids pipeline;

(6) a ceiling panel manufacturer; and

(7) any other globally competitive electric utility customer who can demonstrate that energy costs are a significant portion of the customer's overall cost of production and impede the customer's ability to compete in the global market.

(d) "EITE rate schedule" means a rate schedule of an investor-owned electric utility that establishes the terms of service for an individual or group of energy-intensive, trade-exposed customers.

(e) "EITE rate" means the rate or rates offered by the utility under an EITE rate schedule.

Subd. 2. **Rates and terms of EITE rate schedule.** (a) It is the energy policy of the state of Minnesota to promote competitive electric rates for energy-intensive, trade-exposed customers, as provided in this section. To achieve this objective, an investor-owned electric utility may propose an EITE rate schedule for commission approval that includes various EITE rate options, including fixed rates, market-based rates, and rates to encourage utilization of clean energy technology.

(b) Notwithstanding section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16, the commission shall approve a proposed EITE rate schedule if it finds the schedule provides net benefits to the utility and its customers, considering among other things:

(1) potential cost impacts to the utility customers;

(2) the net benefit to the local or state economy through the retention of or increase to existing jobs;

(3) a net increase in economic development in the utility's service territory; and

(4) avoiding a significant increase in rates due to a reduction of EITE customer load.

(c) An EITE rate offered by an electric utility under an approved EITE rate schedule must be filed with the commission. The commission shall review and approve the EITE rate offered by an electric utility if it finds the rate provides net benefits to the utility and its customers as described above. The commission shall make a final determination in any proceeding begun under this section within 90 days of a miscellaneous rate filing by the electric utility.

(d) Upon approval of an EITE rate, the utility may recover the incremental costs associated with providing service to a customer under the EITE rate from the utility's nonenergy-intensive, trade-exposed customers, except low-income residential ratepayers, as defined in section 216B.16, subdivision 15.

Sec. 13. Minnesota Statutes 2014, section 216B.243, subdivision 3b, is amended to read:

Subd. 3b. **~~Nuclear power plant; new construction prohibited; relicensing~~ Additional storage of spent nuclear fuel.** ~~(a) The commission may not issue a certificate of need for the construction of a new nuclear-powered electric generating plant.~~

~~(b)~~ Any certificate of need for additional storage of spent nuclear fuel for a facility seeking a license extension shall address the impacts of continued operations over the period for which approval is sought.

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

Sec. 14. **[216C.391] PROPANE AND NATURAL GAS VEHICLES; REBATE PROGRAM.**

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

(b) "Bi-fuel natural gas vehicle" means a vehicle capable of using compressed natural gas or gasoline as a fuel.

(c) "Bi-fuel propane vehicle" means a vehicle capable of using propane or gasoline as a fuel.

(d) "Bus" has the meaning given in section 168.002, subdivision 4.

(e) "Compressed natural gas" means natural gas compressed to less than one percent of the volume it occupies at standard atmospheric pressure.

(f) "Converted" means a vehicle, originally manufactured to be fueled solely with gasoline or diesel fuel, that has been modified by the installation of new equipment, including but not limited to injectors, regulators, and a fuel tank, to be a natural gas or propane vehicle.

(g) "Dual-fuel natural gas vehicle" means a vehicle capable of using compressed natural gas and diesel fuel as a fuel.

(h) "Dual-fuel propane vehicle" means a vehicle capable of using propane and diesel fuel as a fuel.

(i) "Heavy-duty vehicle" means a truck, van, or bus with a gross vehicle weight rating of 26,001 pounds or greater.

(j) "Incremental cost" means:

(1) the cost to convert a vehicle that was originally manufactured to be fueled with gasoline or diesel fuel to a propane or natural gas vehicle; or

(2) the difference between the cost of a vehicle originally manufactured to be fueled with gasoline or diesel fuel and the cost of the same or similar vehicle manufactured to operate exclusively on propane or compressed natural gas.

(k) "Light-duty vehicle" means a truck, van, or bus with a gross vehicle weight rating up to 10,000 pounds.

(l) "Medium-duty vehicle" means a truck, van, or bus with a gross vehicle weight rating of 10,001 pounds to 26,000 pounds.

(m) "Natural gas vehicle" means a vehicle capable of using compressed natural gas as a fuel, including a bi-fuel and dual-fuel natural gas vehicle.

(n) "Propane vehicle" means a vehicle capable of using propane as a fuel, including a bi-fuel and dual-fuel propane vehicle.

(o) "Truck" has the meaning given in section 168.002, subdivision 37.

(p) "Van" has the meaning given in section 168.002, subdivision 40.

(q) "Vehicle" means a truck, van, or bus.

Subd. 2. **Program.** (a) The commissioner of commerce shall develop and implement a program to provide rebates to eligible vehicle owners for the purchase of vehicles that are:

(1) new vehicles that have not been modified from the original manufacturer's specifications and that are fueled solely with compressed natural gas or propane; or

(2) converted vehicles.

(b) Applications for rebates under this section shall be filed with the commissioner on a form developed by the commissioner. The commissioner shall develop administrative procedures governing the application and rebate award process. Applications will be reviewed and rebates awarded on a first-come, first-served basis.

Subd. 3. **Eligibility.** The owner of a natural gas or propane vehicle is eligible for a rebate under this section if:

(1) the owner of the natural gas or propane vehicle:

(i) is a business that has a valid address in Minnesota from which business is conducted; or

(ii) is a county, city, town, or school district, or a transit system eligible for funding under section 16A.88;

(2) the owner of the natural gas or propane vehicle:

(i) registers the natural gas or propane vehicle in Minnesota; and

(ii) has not received a rebate or tax credit for the purchase or conversion of the same natural gas or propane vehicle from another state;

(3) the natural gas or propane vehicle:

(i) is purchased or converted after the effective date of this act; and

(ii) is used to perform business functions that are integral to the operations of the business that owns the compressed natural gas vehicle; and

(4) the conversion system installed in a converted vehicle:

(i) complies with the Environmental Protection Agency's final rule on Clean Alternative Fuel Vehicle and Engine Conversions, Code of Federal Regulations, title 40, parts 85 and 86;

(ii) is installed by a person who has been certified to install the conversion system by the manufacturer of the conversion system or a state that certifies persons to install conversion systems; and

(iii) is installed in compliance with the National Fire Protection Association's Vehicular Fuel Systems Code (NFPA 52).

Subd. 4. **Rebate amounts.** A rebate awarded under this section to a purchaser of a new or converted natural gas or propane vehicle under this section may amount to no more than 50 percent of the incremental cost of:

(1) a light-duty vehicle, not to exceed $5,000;

(2) a medium-duty vehicle, not to exceed $8,000; or

(3) a heavy-duty vehicle, not to exceed $20,000.

Subd. 5. **Maximum rebate amounts.** The maximum amount of rebates allowed to a single business, county, city, town, or school district per year under this section are as follows:

(1) no more than $50,000 for light- and medium-duty vehicles; and

(2) no more than $100,000 for heavy-duty vehicles.

Sec. 15. Minnesota Statutes 2014, section 275.70, subdivision 6, is amended to read:

Subd. 6. **Levy aid base.** "Levy aid base" for a local governmental unit for a levy year means its total levy spread on net tax capacity, minus any amounts that would qualify as a special levy under this section, plus the sum of (1) the total amount of aids and reimbursements that the local governmental unit is certified to receive under sections 477A.011 to 477A.014 in the same year, and (2) taconite aids under sections 298.28 and 298.282 in the same year, including any aid which was required to be placed in a special fund for expenditure in the next succeeding year~~, and (3) payments to the local governmental unit under section 272.029 in the same year, adjusted for any error in estimation in the preceding year~~. Payments of production taxes under sections 272.029 and 272.0295 are not included in the levy aid base.

EFFECTIVE DATE. This section is effective for taxes levied in calendar year 2016 and thereafter, but only if levy limits under Minnesota Statutes, sections 275.70 to 275.74, are in effect for that calendar year.

Sec. 16. Minnesota Statutes 2014, section 275.71, subdivision 5, is amended to read:

Subd. 5. **Property tax levy limit.** (a) ~~For taxes levied in 2008 through 2010,~~ The property tax levy limit for a local governmental unit is equal to its adjusted levy limit base determined under subdivision 4 plus any additional levy authorized under section 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount of aids and reimbursements that the local governmental unit is certified to receive under sections 477A.011 to 477A.014, and (ii) taconite aids under sections 298.28 and 298.282 including any aid which was required to be placed in a special fund for expenditure in the next succeeding year~~, (iii) estimated payments to the local governmental unit under section 272.029, adjusted for any error in estimation in the preceding year, and (iv) aids under section 477A.16~~. Payments of production taxes under sections 272.029 and 272.0295 are not reductions to the property tax levy limit.

(b) If an aid, payment, or other amount used in paragraph (a) to reduce a local government unit's levy limit is reduced by an unallotment under section 16A.152, the amount of the aid, payment, or other amount prior to the unallotment is used in the computations in paragraph (a). In order for a local government unit to levy outside of its limit to offset the reduction in revenues attributable to an unallotment, it must do so under, and to the extent authorized by, a special levy authorization.

EFFECTIVE DATE. This section is effective for taxes levied in calendar year 2016 and thereafter, but only if levy limits under Minnesota Statutes, sections 275.70 to 275.74, are in effect for that calendar year.

Sec. 17. Minnesota Statutes 2014, section 297A.992, is amended by adding a subdivision to read:

Subd. 2a. **Tax base.** Notwithstanding section 297A.99, subdivision 4, or any requirements under the multistate agreement entered into under section 297A.995, the tax under this section applies to all sales subject to the state sales tax under this chapter that occur in the metropolitan transit area, except for sales and purchases of electricity and natural gas.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2015.

Sec. 18. **TRANSFER OF FUNCTIONS; STUDY.**

(a) The commissioner of the Department of Administration shall contract with the Management, Analysis, and Development Division of Minnesota Management and Budget for a study to examine potential cost savings and program efficiencies that may result from transferring certain functions and staff of the division of energy resources in the Department of Commerce to the Public Utilities Commission. In conducting the study, the Management, Analysis, and Development Division must:

(1) analyze the functions of the various offices of both the division of energy resources and the commission;

(2) assess any duplicative functions of staff and redundant management positions;

(3) assess whether transferring specific functions and staff would result in a clearer and more functional link between authority and responsibility for accomplishing various activities;

(4) consider whether any such transfers would make governmental decisions regarding energy more transparent to the public;

(5) determine which specific positions, including administrative support, could be eliminated as a result of the transfer without appreciably diminishing the quantity or quality of work produced;

(6) calculate the budgetary savings that could be realized as a result of transferring functions and eliminating redundant positions;

(7) estimate any cost savings that would accrue to regulated utilities as a result of transferring functions;

(8) assess the benefits and costs of various options with respect to transferring functions and staff; and

(9) assume that any transfer is subject to the provisions of Minnesota Statutes, section 15.039.

(b) The study must, by January 1, 2016, be submitted to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and state government operations.

Sec. 19. **TRANSFER OF DUTIES; ADVISORY TASK FORCE.**

(a) An advisory task force is established to examine transferring the provision of low-income heating assistance and weatherization programs for low-income households from community action agencies currently performing those functions to other organizations.

(b) The governor, the president and minority leader of the senate, and the speaker and minority leader of the house of representatives shall, by July 1, 2015, each appoint one member of the advisory task force. The executive director of the Legislative Energy Commission shall serve as staff for the task force. Members of the task force shall not receive compensation.

(c) In determining its findings and recommendations, the advisory task force shall examine the organizations used by other states to provide low-income heating assistance and weatherization programs.

(d) The advisory task force shall present its findings and recommendations in a report submitted by January 15, 2016, to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy.

(e) The advisory task force established under this section expires on June 30, 2016.

Sec. 20. **PUBLIC POWER AUTHORITY; STUDY.**

(a) The commissioner of employment and economic development shall contract with an independent consulting organization with experience in energy to conduct a study examining the feasibility and potential costs and benefits of creating a state public power authority with the authority to:

(1) construct, own, and operate electric generation and transmission facilities;

(2) allocate low-cost power it generates or purchases to Minnesota retail customers;

(3) finance energy efficiency projects in public buildings; and

(4) perform related tasks.

(b) The analysis must examine the structure, funding, and authority of similar organizations in other states and countries. The report must be submitted no later than February 15, 2016, to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy policy.

Sec. 21. **UTILITY PRICE INCREASES; REPORT.**

By November 1, 2015, each utility that sells electricity at retail in this state shall submit a report to the chairs and ranking minority members of the senate and house committees with primary jurisdiction over energy policy that describes specific Minnesota statutes, rules, procedures, and decisions made by the Public Utilities Commission and the Department of Commerce that contribute to higher electricity rates without providing significant value to Minnesota ratepayers. The report shall include specific recommendations for change.

Sec. 22. **REPEALER.**

Minnesota Statutes 2014, section 3.8852, is repealed.

ARTICLE 12
CONFORMING CHANGES

Section 1. Minnesota Statutes 2014, section 3.8851, subdivision 3, is amended to read:

Subd. 3. **Duties.** (a) The commission shall continuously evaluate the energy policies of this state and the degree to which they promote an environmentally and economically sustainable energy future. The commission shall monitor the state's progress in achieving its goals to develop renewable sources of electric energy under section 216B.1691, subdivision 2a, and the progress of energy-related sectors in reducing greenhouse gas emissions under the state's greenhouse gas emissions-reductions ~~goals~~ goal established in section 216H.02, subdivision 1. The commission may review proposed energy legislation and may recommend legislation. The commission shall when feasible solicit and consider public testimony regarding the economic, environmental, and social implications of state energy plans and policies. Notwithstanding any other law to the contrary the commission's evaluations and reviews under this subdivision shall include new and existing technologies for nuclear power.

(b) The commission may study, analyze, hold hearings, and make legislative recommendations regarding the following issues:

(1) the generation, transmission, and distribution of electricity;

(2) the reduction of greenhouse gas emissions;

(3) the conservation of energy;

(4) alternative energy sources available to replace dwindling fossil fuel and other nonrenewable fuel sources;

(5) the development of renewable energy supplies;

(6) the economic development potential associated with issues described in clauses (1) to (5); and

(7) other energy-related subjects the commission finds significant.

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

Sec. 2. Minnesota Statutes 2014, section 116C.7791, subdivision 5, is amended to read:

Subd. 5. **Rebate program funding.** (a) The following amounts must be allocated ~~from the renewable development account established in section 116C.779~~ by the utility to a separate account for the purpose of providing the rebates for solar photovoltaic modules specified in this section:

(1) $2,000,000 in fiscal year 2011;

(2) $4,000,000 in fiscal year 2012;

(3) $5,000,000 in fiscal year 2013;

(4) $5,000,000 in fiscal year 2014; and

(5) $5,000,000 in fiscal year 2015.

(b) If, by the end of fiscal year 2015, insufficient qualified owners have applied for and met the requirements for rebates under this section to exhaust the funds available, any remaining balance shall be returned to the account established under section 116C.779.

Sec. 3. Minnesota Statutes 2014, section 116J.437, subdivision 1, is amended to read:

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

(b) "Green economy" means products, processes, methods, technologies, or services intended to do one or more of the following:

(1) increase the use of energy from renewable sources, including through achieving the ~~renewable~~ advanced energy standard established in section 216B.1691;

(2) achieve the statewide energy-savings goal established in section 216B.2401, including energy savings achieved by the conservation investment program under section 216B.241;

(3) achieve the greenhouse gas emission reduction ~~goals~~ goal of section 216H.02, subdivision 1, including through reduction of greenhouse gas emissions, as defined in section 216H.01, subdivision 2, or mitigation of the greenhouse gas emissions through, but not limited to, carbon capture, storage, or sequestration;

(4) monitor, protect, restore, and preserve the quality of surface waters, including actions to further the purposes of the Clean Water Legacy Act as provided in section 114D.10, subdivision 1;

(5) expand the use of biofuels, including by expanding the feasibility or reducing the cost of producing biofuels or the types of equipment, machinery, and vehicles that can use biofuels, including activities to achieve the petroleum replacement goal in section 239.7911; or

(6) increase the use of green chemistry, as defined in section 116.9401.

For the purpose of clause (3), "green economy" includes strategies that reduce carbon emissions, such as utilizing existing buildings and other infrastructure, and utilizing mass transit or otherwise reducing commuting for employees.

Sec. 4. Minnesota Statutes 2014, section 216B.164, subdivision 3a, is amended to read:

Subd. 3a. **Net metered facility.** (a) ~~Except for customers receiving a value of solar rate under subdivision 10,~~ A customer with a net metered facility having a capacity of 40 kilowatts or greater but less than 1,000 kilowatts that is interconnected to a public utility may elect to be compensated for the customer's net input into the utility system in the form of a kilowatt-hour credit on the customer's energy bill carried forward and applied to subsequent energy bills. Any net input supplied by the customer into the utility system that exceeds energy supplied to the customer by the utility during a calendar year must be compensated at the applicable rate.

(b) A public utility may not impose a standby charge on a net metered or qualifying facility:

(1) of 100 kilowatts or less capacity; or

(2) of more than 100 kilowatts capacity, except in accordance with an order of the commission establishing the allowable costs to be recovered through standby charges.

Sec. 5. Minnesota Statutes 2014, section 216B.1645, subdivision 1, is amended to read:

Subdivision 1. **Commission authority.** Upon the petition of a public utility, the Public Utilities Commission shall approve or disapprove power purchase contracts, investments, or expenditures entered into or made by the utility to satisfy the wind and biomass mandates contained in sections 216B.169, 216B.2423, and 216B.2424, and to satisfy the ~~renewable~~ advanced energy ~~objectives and~~ standards set forth in section 216B.1691, including reasonable investments and expenditures made to:

(1) transmit the electricity generated from sources developed under those sections that is ultimately used to provide service to the utility's retail customers, including studies necessary to identify new transmission facilities needed to transmit electricity to Minnesota retail customers from generating facilities constructed to satisfy the ~~renewable~~ advanced energy ~~objectives and~~ standards, provided that the costs of the studies have not been recovered previously under existing tariffs and the utility has filed an application for a certificate of need or for certification as a priority project under section 216B.2425 for the new transmission facilities identified in the studies;

(2) provide storage facilities for renewable energy generation facilities that contribute to the reliability, efficiency, or cost-effectiveness of the renewable facilities; or

(3) develop renewable energy sources from the account required in section 116C.779.

Sec. 6. Minnesota Statutes 2014, section 216B.241, subdivision 5c, is amended to read:

Subd. 5c. **Large solar electric generating plant.** (a) For the purpose of this subdivision:

(1) "project" means a solar electric generation project consisting of arrays of solar photovoltaic cells with a capacity of up to two megawatts located on the site of a closed landfill in Olmsted County owned by the Minnesota Pollution Control Agency; and

(2) "cooperative electric association" means a generation and transmission cooperative electric association that has a member distribution cooperative association to which it provides wholesale electric service in whose service territory a project is located.

(b) A cooperative electric association may elect to count all of its purchases of electric energy from a project toward only one of the following:

(1) its energy-savings goal under subdivision 1c; or

(2) its advanced energy ~~objective or~~ standard under section 216B.1691.

(c) A cooperative electric association may include in its conservation plan purchases of electric energy from a project. The cost-effectiveness of project purchases may be determined by a different standard than for other energy conservation improvements under this section if the commissioner determines that doing so is in the public interest in order to encourage solar energy. The kilowatt hours of solar energy purchased by a cooperative electric association from a project may count for up to 33 percent of its one percent savings goal under subdivision 1c or up

to 22 percent of its 1.5 percent savings goal under that subdivision. Expenditures made by a cooperative association for the purchase of energy from a project may not be used to meet the revenue expenditure requirements of subdivisions 1a and 1b.

Sec. 7. Minnesota Statutes 2014, section 216B.241, subdivision 9, is amended to read:

Subd. 9. **Building performance standards; Sustainable Building 2030.** (a) The purpose of this subdivision is to establish cost-effective energy-efficiency performance standards for new and substantially reconstructed commercial, industrial, and institutional buildings that can significantly reduce carbon dioxide emissions by lowering energy use in new and substantially reconstructed buildings. For the purposes of this subdivision, the establishment of these standards may be referred to as Sustainable Building 2030.

(b) The commissioner shall contract with the Center for Sustainable Building Research at the University of Minnesota to coordinate development and implementation of energy-efficiency performance standards, strategic planning, research, data analysis, technology transfer, training, and other activities related to the purpose of Sustainable Building 2030. The commissioner and the Center for Sustainable Building Research shall, in consultation with utilities, builders, developers, building operators, and experts in building design and technology, develop a Sustainable Building 2030 implementation plan that must address, at a minimum, the following issues:

(1) training architects to incorporate the performance standards in building design;

(2) incorporating the performance standards in utility conservation improvement programs; and

(3) developing procedures for ongoing monitoring of energy use in buildings that have adopted the performance standards.

The plan must be submitted to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy policy by July 1, 2009.

(c) Sustainable Building 2030 energy-efficiency performance standards must be firm, quantitative measures of total building energy use and associated carbon dioxide emissions per square foot for different building types and uses, that allow for accurate determinations of a building's conformance with a performance standard. Performance standards must address energy use by electric vehicle charging infrastructure in or adjacent to buildings as that infrastructure begins to be made widely available. The energy-efficiency performance standards must be updated every three or five years to incorporate all cost-effective measures. The performance standards must reflect the reductions in carbon dioxide emissions per square foot resulting from actions taken by utilities to comply with the ~~renewable~~ advanced energy standards in section 216B.1691. The performance standards should be designed to achieve reductions equivalent to the following reduction schedule, measured against energy consumption by an average building in each applicable building sector in 2003: (1) 60 percent in 2010; (2) 70 percent in 2015; (3) 80 percent in 2020; and (4) 90 percent in 2025. A performance standard must not be established or increased absent a conclusive engineering analysis that it is cost-effective based upon established practices used in evaluating utility conservation improvement programs.

(d) The annual amount of the contract with the Center for Sustainable Building Research is up to $500,000. The Center for Sustainable Building Research shall expend no more than $150,000 of this amount each year on administration, coordination, and oversight activities related to Sustainable Building 2030. The balance of contract funds must be spent on substantive programmatic activities allowed under this subdivision that may be conducted by the Center for Sustainable Building Research and others, and for subcontracts with not-for-profit energy organizations, architecture and engineering firms, and other qualified entities to undertake technical projects and activities in support of Sustainable Building 2030. The primary work to be accomplished each year by qualified technical experts under subcontracts is the development and thorough justification of recommendations for specific energy-efficiency performance standards. Additional work may include:

(1) research, development, and demonstration of new energy-efficiency technologies and techniques suitable for commercial, industrial, and institutional buildings;

(2) analysis and evaluation of practices in building design, construction, commissioning and operations, and analysis and evaluation of energy use in the commercial, industrial, and institutional sectors;

(3) analysis and evaluation of the effectiveness and cost-effectiveness of Sustainable Building 2030 performance standards, conservation improvement programs, and building energy codes;

(4) development and delivery of training programs for architects, engineers, commissioning agents, technicians, contractors, equipment suppliers, developers, and others in the building industries; and

(5) analysis and evaluation of the effect of building operations on energy use.

(e) The commissioner shall require utilities to develop and implement conservation improvement programs that are expressly designed to achieve energy efficiency goals consistent with the Sustainable Building 2030 performance standards. These programs must include offerings of design assistance and modeling, financial incentives, and the verification of the proper installation of energy-efficient design components in new and substantially reconstructed buildings. A utility's design assistance program must consider the strategic planting of trees and shrubs around buildings as an energy conservation strategy for the designed project. A utility making an expenditure under its conservation improvement program that results in a building meeting the Sustainable Building 2030 performance standards may claim the energy savings toward its energy-savings goal established in subdivision 1c.

(f) The commissioner shall report to the legislature every three years, beginning January 15, 2010, on the cost-effectiveness and progress of implementing the Sustainable Building 2030 performance standards and shall make recommendations on the need to continue the program as described in this section.

Sec. 8. Minnesota Statutes 2014, section 216B.2411, subdivision 3, is amended to read:

Subd. 3. **Other provisions.** (a) Electricity generated by a facility constructed with funds provided under this section and using an eligible renewable energy source may be counted toward the ~~renewable~~ advanced energy ~~objectives~~ standards in section 216B.1691, subject to the provisions of that section~~, except as provided in paragraph (c)~~.

(b) Two or more entities may pool resources under this section to provide assistance jointly to proposed eligible renewable energy projects. The entities shall negotiate and agree among themselves for allocation of benefits associated with a project, such as the ability to count energy generated by a project toward a utility's ~~renewable~~ advance energy objectives under section 216B.1691, except as provided in paragraph (c). The entities shall provide a summary of the allocation of benefits to the commissioner. A utility may spend funds under this section for projects in Minnesota that are outside the service territory of the utility.

(c) Electricity generated by a solar photovoltaic device constructed with funds provided under this section may be counted toward a public utility's solar energy standard under section 216B.1691, subdivision 2f.

Sec. 9. Minnesota Statutes 2014, section 216B.2422, subdivision 2c, is amended to read:

Subd. 2c. **Long-range emission reduction planning.** Each utility required to file a resource plan under subdivision 2 shall include in the filing a narrative identifying and describing the costs, opportunities, and technical barriers to the utility continuing to make progress on its system toward achieving the state greenhouse gas emission reduction ~~goals~~ goal established in section 216H.02, subdivision 1, and the technologies, alternatives, and steps the utility is considering to address those opportunities and barriers.

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

Sec. 10. Minnesota Statutes 2014, section 216B.2422, subdivision 4, is amended to read:

Subd. 4. **Preference for renewable energy facility.** The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest. The public interest determination must include whether the resource plan helps the utility achieve the greenhouse gas reduction ~~goals~~ goal under section 216H.02~~,~~ or the ~~renewable~~ advanced energy standard under section 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f.

Sec. 11. Minnesota Statutes 2014, section 216B.2425, subdivision 7, is amended to read:

Subd. 7. **Transmission needed to support renewable resources.** (a) Each entity subject to this section shall determine necessary transmission upgrades to support development of renewable energy resources required to meet ~~objectives~~ the advanced energy standards under section 216B.1691 and shall include those upgrades in its report under subdivision 2.

(b) MS 2008 [Expired]

Sec. 12. Minnesota Statutes 2014, section 216B.243, subdivision 9, is amended to read:

Subd. 9. **Renewable energy standard facilities.** This section does not apply to a wind energy conversion system or a solar electric generation facility that is intended to be used to meet the ~~obligations~~ advanced energy standards of section 216B.1691; provided that, after notice and comment, the commission determines that the facility is a reasonable and prudent approach to meeting a utility's obligations under that section. When making this determination, the commission must consider:

(1) the size of the facility relative to a utility's total need for renewable resources;

(2) alternative approaches for supplying the renewable energy to be supplied by the proposed facility;

(3) the facility's ability to promote economic development, as required under section 216B.1691, subdivision 9;

(4) the facility's ability to maintain electric system reliability;

(5) impacts on ratepayers; and

(6) other criteria as the commission may determine are relevant.

Sec. 13. Minnesota Statutes 2014, section 216C.41, subdivision 2, is amended to read:

Subd. 2. **Incentive payment; appropriation.** (a) Incentive payments must be made according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility, (3) a publicly owned hydropower facility for electric energy that is generated by the facility and used by the owner of the facility outside the facility, or (4) the owner of a publicly owned dam that is in need of substantial repair, for electric energy that is generated by a hydropower facility at the dam and the annual incentive payments will be used to fund the structural repairs and replacement of structural components of the dam, or to retire debt incurred to fund those repairs.

(b) Payment may only be made upon receipt by the commissioner of commerce of an incentive payment application that establishes that the applicant is eligible to receive an incentive payment and that satisfies other requirements the commissioner deems necessary. The application must be in a form and submitted at a time the commissioner establishes.

(c) There is annually appropriated from the ~~renewable development~~ energy fund account established under section 116C.779 to the commissioner of commerce sums sufficient to make the payments required under this section, in addition to the amounts funded by the renewable development account as specified in subdivision 5a.

Sec. 14. Minnesota Statutes 2014, section 216C.41, subdivision 5a, is amended to read:

Subd. 5a. **~~Renewable development~~ Energy fund account.** The Department of Commerce shall authorize payment of the renewable energy production incentive to wind energy conversion systems that are eligible under this section or Laws 2005, chapter 40, to on-farm biogas recovery facilities, and to hydroelectric facilities. Payment of the incentive shall be made from the ~~renewable~~ energy ~~development~~ fund account ~~as provided~~ established under section 116C.779, subdivision ~~2~~ 1, as provided by that subdivision.

Sec. 15. Minnesota Statutes 2014, section 216H.021, subdivision 1, is amended to read:

Subdivision 1. **Commissioner to establish reporting system and maintain inventory.** In order to measure the progress in meeting the ~~goals~~ goal of section 216H.02, subdivision 1, and to provide information to develop strategies to achieve those goals, the commissioner of the Pollution Control Agency shall establish a system for reporting and maintaining an inventory of greenhouse gas emissions. The commissioner must consult with the chief information officer of the Office of MN.IT Services about system design and operation. Greenhouse gas emissions include those emissions described in section 216H.01, subdivision 2.

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

Sec. 16. Minnesota Statutes 2014, section 216H.03, subdivision 4, is amended to read:

Subd. 4. **Exception for facilities that offset emissions.** (a) The ~~prohibitions~~ prohibition in subdivision 3 ~~do~~ does not apply if the project proponent demonstrates to the Public Utilities Commission's satisfaction that it will offset the new contribution to statewide power sector carbon dioxide emissions with a carbon dioxide reduction project identified in paragraph (b) and in compliance with paragraph (c).

(b) A project proponent may offset in an amount equal to or greater than the proposed new contribution to statewide power sector carbon dioxide emissions in either, or a combination of both, of the following ways:

(1) by reducing an existing facility's contribution to statewide power sector carbon dioxide emissions; or

(2) by purchasing carbon dioxide allowances from a state or group of states that has a carbon dioxide cap and trade system in place that produces verifiable emissions reductions.

(c) The Public Utilities Commission shall not find that a proposed carbon dioxide reduction project identified in paragraph (b) acceptably offsets a new contribution to statewide power sector carbon dioxide emissions unless the proposed offsets are permanent, quantifiable, verifiable, enforceable, and would not have otherwise occurred. This section does not exempt emissions that have been offset under this subdivision and emissions exempted under subdivisions 5 to 7 from a cap and trade system if adopted by the state.

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

Sec. 17. Minnesota Statutes 2014, section 373.48, subdivision 3, is amended to read:

Subd. 3. **Joint purchase of energy and acquisition of generation projects; financing.** (a) A county may enter into agreements under section 471.59 with other counties for joint purchase of energy or joint acquisition of interests in projects. A county that enters into a multiyear agreement for purchase of energy or acquires an interest

in a project~~, including C-BED projects pursuant to section 216B.1612, subdivision 9,~~ may finance the estimated cost of the energy to be purchased during the term of the agreement or the cost to the county of the interest in the project by the issuance of revenue bonds of the county, including clean renewable energy revenue bonds, provided that the annual debt service on all bonds issued under this section, together with the amounts to be paid by the county in any year for the purchase of energy under agreements entered into under this section, must not exceed the estimated revenues of the project.

(b) An agreement entered into under section 471.59 as provided by this section may provide that:

(1) each county issues bonds to pay their respective shares of the cost of the projects;

(2) one of the counties issues bonds to pay the full costs of the project and that the other participating counties pay any available revenues of the project and pledge the revenues to the county that issues the bonds; or

(3) the joint powers board issues revenue bonds to pay the full costs of the project and that the participating counties pay any available revenues of the project under this subdivision and pledge the revenues to the joint powers entity for payment of the revenue bonds.

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

Delete the title and insert:

"A bill for an act relating to economic development; appropriating money for the Departments of Employment and Economic Development, Labor and Industry, and Commerce; the Bureau of Mediation Services; Housing Finance Agency; Explore Minnesota Tourism; Boards of Accountancy, AELSLAGID, Cosmetologist Examiners, and Barber Examiners; Workers' Compensation Court of Appeals; Public Utilities Commission; Pollution Control Agency; and Department of Administration; making policy changes to jobs and economic development, housing, labor and industry, and commerce; establishing a tiered minimum wage; modifying unemployment insurance employer taxes; regulating delivered fuels; modifying energy conservation provisions; regulating renewable fuels; regulating greenhouse gas emissions; making miscellaneous energy policy changes and conforming changes; modifying fees; providing penalties; requiring reports; amending Minnesota Statutes 2014, sections 3.8851, subdivisions 3, 7; 12A.15, subdivision 1; 16B.323; 45.0135, subdivision 6, by adding a subdivision; 65B.44, by adding a subdivision; 65B.84, subdivision 1; 79.251, subdivision 1; 116C.779, subdivision 1; 116C.7791, subdivision 5; 116C.7792; 116J.431, subdivisions 1, 6; 116J.437, subdivision 1; 116J.8738, subdivision 3, by adding a subdivision; 116J.8747, subdivisions 1, 2; 116L.17, subdivision 4; 116L.20, subdivision 1; 116L.98, subdivisions 1, 3, 5, 7; 116M.18, subdivisions 4, 8; 177.24, subdivision 1, by adding subdivisions; 216B.02, by adding subdivisions; 216B.16, subdivisions 6, 6b, 6c, 7b, 8, 12, 19; 216B.164, subdivisions 3, 3a; 216B.1641; 216B.1645, subdivision 1; 216B.1691; 216B.2401; 216B.241, subdivisions 5c, 9, by adding a subdivision; 216B.2411, subdivision 3; 216B.2421, subdivision 2; 216B.2422, subdivisions 2c, 4; 216B.2425; 216B.243, subdivisions 3b, 8, 9; 216C.41, subdivisions 2, 5a; 216C.435, subdivision 5; 216E.03, subdivisions 5, 7; 216E.04, subdivision 5; 216H.01, by adding a subdivision; 216H.02, subdivision 1; 216H.021, subdivision 1; 216H.03, subdivisions 1, 3, 4, 7; 216H.07; 237.01, by adding subdivisions; 268.035, subdivisions 6, 21b, 26, 30; 268.051, subdivision 7, by adding a subdivision; 268.07, subdivisions 2, 3b; 268.085, subdivisions 1, 2; 268.095, subdivisions 1, 10; 268.105, subdivisions 3, 7; 268.136, subdivision 1; 268.194, subdivision 1; 268A.085; 275.70, subdivision 6; 275.71, subdivision 5; 297A.67, by adding a subdivision; 297A.992, by adding a subdivision; 297I.11, subdivision 2; 326B.092, subdivision 7; 326B.096; 326B.106, subdivision 1; 326B.118; 326B.13, subdivision 8; 326B.986, subdivisions 5, 8; 327.20, subdivision 1; 341.321; 345.42, subdivision 1, by adding a subdivision; 373.48, subdivision 3; 453A.02, subdivision 5; 462A.33, subdivision 1; 469.049; 469.050, subdivision 4; 469.084, subdivisions 3, 4, 8, 9, 10, 14; 469.174, subdivision 12; 469.175, subdivision 3; 469.176, subdivision 4c; 469.1761, by adding a subdivision; 473.145; 473.254, subdivisions 2, 3a; Laws 2008, chapter 296, article 1, section 25, as amended; Laws 2014, chapter 312, article 2, section 14; proposing coding for new law in Minnesota Statutes,

chapters 80A; 116J; 116L; 175; 181; 216B; 216C; 216E; 216H; 237; 609; proposing coding for new law as Minnesota Statutes, chapter 59D; repealing Minnesota Statutes 2014, sections 3.8852; 80G.01; 80G.02; 80G.03; 80G.04; 80G.05; 80G.06; 80G.07; 80G.08; 80G.09; 80G.10; 116C.779, subdivision 3; 116U.26; 174.187; 177.24, subdivision 2; 216B.1612; 216B.164, subdivision 10; 216B.8109; 216B.811; 216B.812; 216B.813; 216B.815; 216C.39; 216C.411; 216C.412; 216C.413; 216C.414; 216C.415; 216C.416; 216H.02, subdivisions 2, 3, 4, 5, 6; 469.084, subdivisions 11, 12; Laws 2013, chapter 85, article 6, section 11; Laws 2014, chapter 312, article 2, section 15; Minnesota Rules, part 5205.0580, subpart 21."

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 321, 385 and 610 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 107, 857, 1218 and 1444 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Hamilton introduced:

H. F. No. 2214, A bill for an act relating to natural resources; appropriating money for outreach efforts to the Southeast Asian community.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy and Finance.

Hancock introduced:

H. F. No. 2215, A bill for an act relating to natural resources; requiring identification of high priority areas for wetland replacement; amending Minnesota Statutes 2014, section 103B.3355.

The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy.

Mahoney, Fischer and Johnson, S., introduced:

H. F. No. 2216, A bill for an act relating to human services; appropriating money for a grant to North East Neighborhoods Block Nurse Program to address health disparities among seniors in diverse communities.

The bill was read for the first time and referred to the Committee on Health and Human Services Finance.

Mahoney and Wagenius introduced:

H. F. No. 2217, A bill for an act relating to water; appropriating money for a water technology cluster development.

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance.

MOTIONS AND RESOLUTIONS

Mahoney moved that the names of Dehn, R., and Atkins be added as authors on H. F. No. 174. The motion prevailed.

Zerwas moved that the name of Dill be added as an author on H. F. No. 240. The motion prevailed.

Loonan moved that the name of Fischer be added as an author on H. F. No. 713. The motion prevailed.

Urdahl moved that the name of Winkler be added as an author on H. F. No. 1497. The motion prevailed.

Moran moved that the name of Pinto be added as an author on H. F. No. 2184. The motion prevailed.

Koznick moved that the name of Hertaus be added as an author on H. F. No. 2199. The motion prevailed.

Whelan moved that the name of Lucero be added as an author on H. F. No. 2208. The motion prevailed.

ADJOURNMENT

Peppin moved that when the House adjourns today it adjourn until 10:00 a.m., Wednesday, April 15, 2015. The motion prevailed.

Peppin moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:00 a.m., Wednesday, April 15, 2015.

PATRICK D. MURPHY, Chief Clerk, House of Representatives