

STATE OF MINNESOTA

Journal of the House

NINETY-FOURTH SESSION — 2026

FIFTY-SECOND LEGISLATIVE DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MARCH 25, 2026

The House of Representatives convened at 12:15 p.m. and was called to order by Lisa Demuth, Speaker of the House.

Prayer was offered by Bishop Patricia Lull, Saint Paul Area Synod, St. Paul, Minnesota.

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

The roll was called and the following members were present:

Acomb	Davis	Hansen, R.	Koznick	Niska	Scott
Agbaje	Dippel	Hanson, J.	Kraft	Noor	Sencer-Mura
Allen	Dotseth	Harder	Kresha	Norris	Sexton
Altendorf	Duran	Heintzeman	Lawrence	Novotny	Skraba
Anderson, P. E.	Elkins	Hicks	Lee, F.	O'Driscoll	Smith
Anderson, P. H.	Engen	Howard	Lee, K.	Olson	Stephenson
Backer	Falconer	Hudson	Lee, X.	Pérez-Vega	Stier
Bahner	Feist	Huot	Liebling	Perryman	Swedzinski
Bakeberg	Finke	Hussein	Lillie	Pinto	Tabke
Baker	Fischer	Igo	Long	Pursell	Torkelson
Bennett	Fogelman	Jacob	Luger-Nikolai	Quam	Van Binsbergen
Berg	Franson	Johnson, P.	Mahamoud	Rarick	Vang
Bierman	Frazier	Johnson, W.	McDonald	Rehm	Virmig
Bliss	Frederick	Jones	Mekeland	Rehrauer	Warwas
Buck	Freiberg	Jordan	Moller	Repinski	West
Burkel	Gander	Joy	Momanyi-Hiltsley	Reyer	Wiener
Carroll	Gillman	Keeler	Mueller	Roach	Witte
Cha	Gomez	Klevorn	Murphy	Robbins	Wolgamott
Clardy	Gordon	Knudsen	Myers	Rymer	Xiong
Coulter	Gottfried	Koegel	Nadeau	Schomacker	Youakim
Curran	Greene	Kotyza-Witthuhn	Nash	Schultz	Zeleznikar
Davids	Greenman	Kozlowski	Nelson	Schwartz	Spk. Demuth

A quorum was present.

Hollins was excused.

Hill was excused until 12:25 p.m.

Pursuant to Rule 10.05, relating to Remote House Operations, the Speaker permitted the following member to vote via remote means: Rarick.

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Pursuant to Rule 10.05, relating to Remote House Operations, the DFL Caucus Leader permitted the following members to vote via remote means: Greene and Jones.

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

REPORTS OF CHIEF CLERK

S. F. No. 3602 and H. F. No. 3560, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Niska moved that S. F. No. 3602 be substituted for H. F. No. 3560 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Kotyza-Witthuhn and West from the Committee on Children and Families Finance and Policy to which was referred:

H. F. No. 495, A bill for an act relating to taxation; individual income; providing a subtraction for day care costs paid by the taxpayer; amending Minnesota Statutes 2024, section 290.0132, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 8, delete "36" and insert "40"

Page 1, line 18, delete "2024" and insert "2025"

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

The report was adopted.

Koegel and O'Driscoll from the Committee on Commerce Finance and Policy to which was referred:

H. F. No. 1724, A bill for an act relating to health care; establishing direct primary care service agreements; amending Minnesota Statutes 2024, sections 62A.01, by adding a subdivision; 62A.011, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 62Q.

Reported the same back with the following amendments:

Page 4, line 16, after the semicolon, insert "and"

Page 4, line 17, delete "; and" and insert a period

Page 4, delete line 18

Page 5, delete lines 7 to 13 and insert:

"(c) A direct practice may terminate a direct agreement for any reason by providing written notice to the direct patient or the direct patient's representative. A direct practice must provide notice of termination at least 30 days prior to the effective date of termination."

Page 5, delete line 14 and insert "(d) A direct practice may discontinue care to a direct"

Page 5, delete lines 26 to 28

Reletter the paragraphs in sequence

Page 5, line 31, delete "held in trust"

Page 5, line 33, delete "held in trust and"

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

The report was adopted.

Freiberg and Quam from the Committee on Elections Finance and Government Operations to which was referred:

H. F. No. 2526, A bill for an act relating to local government; expanding exceptions to prohibition against gifts to local officials under certain conditions; amending Minnesota Statutes 2024, section 471.895, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2024, section 471.895, is amended to read:

471.895 CERTAIN GIFTS BY INTERESTED PERSONS PROHIBITED.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Gift" has the meaning given it in section 10A.071, subdivision 1.

(c) "Interested person" means a person or a representative of a person or association that has a direct financial interest in a decision that a local official is authorized to make.

(d) "Local government" means a county, city, or school district.

~~(d)~~ (e) "Local official" means:

(1) an elected or appointed official of a county or city or of an agency, authority, or instrumentality of a county or city; and

(2) an elected or appointed member of a school board, a school superintendent, a school principal, or a district school officer of any independent school district.

(f) "Public safety officer" has the meaning given in section 299A.41, subdivision 4. For the purposes of this section, public safety officer also includes a person, other than a peace officer, employed by a law enforcement agency, whose primary employment duty is to review, handle, or process records, photographs, or evidentiary material related to a traumatic event.

Subd. 2. **Prohibition.** An interested person may not give a gift or request another to give a gift to a local official. A local official may not accept a gift from an interested person.

Subd. 3. **Exceptions.** (a) The prohibitions in this section do not apply if the gift is:

(1) a contribution as defined in section 211A.01, subdivision 5;

(2) services to assist an official in the performance of official duties, including but not limited to providing advice, consultation, information, and communication in connection with legislation, and services to constituents;

(3) services of insignificant monetary value;

(4) a plaque or similar memento recognizing individual services in a field of specialty or to a charitable cause;

(5) a trinket or memento costing \$5 or less;

(6) informational material of unexceptional value; ~~or~~

(7) food or a beverage given at a reception, meal, or meeting away from the recipient's place of work by an organization before whom the recipient appears to make a speech or answer questions as part of a program;

(8) services for mental health or wellness support, including but not limited to counseling, therapy, peer support, recreational activities, wellness days, or meals that are provided at no cost to public safety officers by any nonprofit organization whose primary mission is to support the mental or physical health and well-being of public safety personnel, provided that such services meet all of the following criteria:

(i) the services are offered voluntarily;

(ii) the services are not contingent upon any official action or decision by the recipient;

(iii) the services are provided or facilitated by a mental health professional who is qualified according to section 2451.04, subdivision 2;

(iv) the services qualify as medical treatment for recovery from a traumatic event; and

(v) the services are not a luxury service or event, as determined by the Campaign Finance and Public Disclosure Board under subdivision 4; or

(9) a meal or event organized by a nonprofit entity that is specifically designed to provide comfort and support to public safety officers following a death or significant traumatic event, provided that the event meets all of the following criteria:

(i) the event is open to all affected personnel;

(ii) the event is not targeted to influence specific political or official actions; and

(iii) the event is not a luxury service or event as determined by the Campaign Finance and Public Disclosure Board under subdivision 4.

(b) The prohibitions in this section do not apply if the gift is given:

(1) because of the recipient's membership in a group, a majority of whose members are not local officials, and an equivalent gift is given or offered to the other members of the group;

(2) by an interested person who is a member of the family of the recipient, unless the gift is given on behalf of someone who is not a member of that family; or

(3) by a national or multistate organization of governmental organizations or public officials, if a majority of the dues to the organization are paid from public funds, to attendees at a conference sponsored by that organization, if the gift is food or a beverage given at a reception or meal and an equivalent gift is given or offered to all other attendees.

Subd. 4. **Gift standards and policies.** (a) The Campaign Finance and Public Disclosure Board must determine standards for a luxury service or event prohibited under subdivision 3, clauses (8) and (9), and must publish the standards on the board's website.

(b) A local government may adopt policies with additional requirements and restrictions for gifts under subdivision 3, clauses (8) and (9).

Subd. 5. **Penalties.** A gift under subdivision 3, clauses (8) and (9), made with the intent to influence the public safety officer's performance of the officer's powers or duties is subject to the penalties described in section 609.42."

Delete the title and insert:

"A bill for an act relating to local government; expanding exceptions to prohibition against gifts to local officials under certain conditions; providing penalties for using a gift to influence a decision of a public safety officer; amending Minnesota Statutes 2024, section 471.895."

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

The report was adopted.

Bennett and Jordan from the Committee on Education Policy to which was referred:

H. F. No. 2544, A bill for an act relating to education; establishing a Dual Enrollment Task Force; requiring a report; appropriating money.

Reported the same back with the following amendments:

Page 1, delete section 1 and insert:

"Section 1. **DUAL ENROLLMENT TASK FORCE.**

Subdivision 1. **Establishment; membership.** (a) The Dual Enrollment Task Force is established and consists of:

(1) the commissioner of the Office of Higher Education or the commissioner's designee;

(2) the commissioner of education or the commissioner's designee;

(3) the executive director of the P-20 education partnership or the executive director's designee;

(4) two college or university presidents or representatives, one from a two-year institution and one from a four-year institution, with knowledge of dual enrollment financing and designated by the Board of Trustees of the Minnesota State Colleges and Universities;

(5) one representative with knowledge of dual enrollment financing designated by the Board of Regents of the University of Minnesota;

(6) one representative designated by the Tribal Nations Education Committee;

(7) one Tribal college president, university president, or representative with knowledge of dual enrollment financing;

(8) the following members appointed by the commissioner of education:

(i) one member of a school district board;

(ii) one member of a charter school board;

(iii) one superintendent;

(iv) one high school principal;

(v) one representative with expertise in Minnesota's education funding mechanisms;

(vi) one high school educator teaching college courses at a high school;

(vii) one high school counselor who advises students enrolled in college courses through the postsecondary enrollment options (PSEO) program; and

(viii) four persons who meet any of the following criteria, two from the Minneapolis-St. Paul metropolitan area and two from greater Minnesota, and two from a "high-needs local educational agency" as defined in United States Code, title 20, section 1021:

(A) a parent of a student who participated in dual enrollment after the 2020-2021 school year;

(B) a student who participated in dual enrollment after the 2020-2021 school year;

(C) a student who successfully completed an online dual enrollment course after the 2020-2021 school year; or

(D) a student who successfully completed a career or technical education course in 10th grade under Minnesota Statutes, section 124D.09, subdivision 5a, after the 2020-2021 school year; and

(9) the following members appointed by the commissioner of the Office of Higher Education:

(i) one representative from a nonprofit private postsecondary institution participating in a dual enrollment program;

(ii) one representative from the Office of Higher Education with expertise in Minnesota's education funding mechanisms;

(iii) one faculty member from the Minnesota State Colleges and Universities system who teaches students enrolled in college courses through the PSEO program; and

(iv) one counselor from the Minnesota State Colleges and Universities system who advises students enrolled in college courses through the PSEO program.

(b) Members of the task force must be appointed by July 1, 2026.

Subd. 2. **Duties.** (a) The task force must:

(1) review the funding formulas under Minnesota Statutes, section 124D.09, and their impact on:

(i) high schools, including resource allocation and financial incentives and disincentives;

(ii) public and private postsecondary institutions, particularly regarding the cost and financial sustainability of courses eligible for dual credit; and

(iii) students, with a focus on equitable access and support services;

(2) analyze cost variations among postsecondary institutions, accounting for:

(i) program-specific costs, including for courses with a laboratory requirement or career and technical education courses;

(ii) regional cost differences between urban and rural areas;

(iii) cost differences between large and small institutions; and

(iv) administrative costs;

(3) examine the transparency and accountability of funding under Minnesota Statutes, section 124D.09, including:

(i) data collection and reporting on how funds are used; and

(ii) oversight mechanisms to ensure efficient and effective use of funds;

(4) identify barriers to participation caused by the funding formula, particularly for students from rural communities, low-income families, and historically marginalized groups;

(5) develop recommendations for:

(i) adjustments to the funding formula;

(ii) strategies to incentivize high schools to promote participation in dual enrollment programs;

(iii) funding provisions for student support services, including counseling, transportation, and meal access; and

(iv) changes to streamline state administrative processes related to dual enrollment;

(6) analyze the use of asynchronous classes by dual enrollment students, including course passage rates and a cost benefit analysis of that type of course offering; and

(7) identify metrics to evaluate the impact of proposed changes, ensuring recommendations are data driven and measurable.

(b) The task force must report its findings and recommendations to the legislative committees with jurisdiction over kindergarten through grade 12 and higher education by May 30, 2027, in accordance with Minnesota Statutes, section 3.195.

Subd. 3. **Compensation.** Minnesota Statutes, section 15.059, subdivision 3, governs compensation of the members of the task force.

Subd. 4. **Meetings and administrative support.** (a) The commissioner of education must convene the first meeting of the task force no later than August 1, 2026. The task force must appoint a chair and cochair at the first meeting.

(b) The task force must establish a schedule for meetings and meet as necessary to accomplish the duties under subdivision 2. Meetings are subject to Minnesota Statutes, chapter 13D. The task force may meet by telephone or interactive technology consistent with Minnesota Statutes, section 13D.015.

(c) The Department of Education must provide administrative support to assist the task force in its work, including providing information and technical support, and must assist in the creation of the report under subdivision 2.

Subd. 5. **Expiration.** The task force expires on May 30, 2027, or upon submission of the report required under subdivision 2, whichever is later."

With the recommendation that when so amended the bill be re-referred to the Committee on Education Finance.

The report was adopted.

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

H. F. No. 3356, A bill for an act relating to public safety; requiring removal of identifying equipment and insignia from emergency vehicles sold to the public; proposing coding for new law in Minnesota Statutes, chapter 169.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **[169.981] SALE OR TRANSFER OF LAW ENFORCEMENT VEHICLE.**

Subdivision 1. **Definition.** As used in this section, "law enforcement vehicle" means a vehicle owned or leased by a state or local law enforcement agency.

Subd. 2. **Prohibition.** (a) A person may not sell or transfer a law enforcement vehicle to the public unless the person first removes any equipment or insignia that could mislead a reasonable person to believe that the vehicle is a law enforcement vehicle, including any:

(1) emergency lights;

(2) sirens;

(3) spotlights;

(4) amber warning lights;

(5) grill lights;

(6) emblems; or

(7) outlines of emblems.

(b) The requirements in paragraph (a) do not apply to a sale or transfer to the federal government, a state, or a political subdivision.

Subd. 3. **Certificate of compliance.** (a) Before consummating a sale or transfer of a law enforcement vehicle that is subject to subdivision 2, paragraph (a), the vehicle owner must provide a certificate of compliance to the buyer or transferee confirming that the vehicle has had the law enforcement markings removed.

(b) The commissioner of public safety must design a standard certificate of compliance form and make the form publicly available without fee on the department's publicly accessible website using existing appropriations.

Subd. 4. **Violations.** (a) A person who sells or transfers a law enforcement vehicle to the public in violation of this section is liable for:

(1) damages proximately caused by the use of that vehicle during the commission of a crime; and

(2) a civil penalty of \$2,500.

(b) Civil penalties collected under this subdivision must be deposited in the Minnesota victims of crime account created in section 299A.708.

Subd. 5. **Enforcement.** A county or city attorney may bring an action to recover the civil penalty established under subdivision 4.

Subd. 6. **Exemption.** Sales or transfers of law enforcement vehicles to members of the public for the purpose of collection or display are exempt from the requirements of this section if the vehicle is owned and operated solely as a collector's item and not for general transportation purposes and is registered under section 168.10, subdivision 1a, 1b, 1c, 1d, 1g, or 1h.

EFFECTIVE DATE. This section is effective October 1, 2026."

With the recommendation that when so amended the bill be re-referred to the Committee on Judiciary Finance and Civil Law.

The report was adopted.

Bennett and Jordan from the Committee on Education Policy to which was referred:

H. F. No. 3421, A bill for an act relating to education; requiring early literacy field experience for teacher candidates providing early literacy instruction; requiring rulemaking; appropriating money; amending Minnesota Statutes 2024, section 122A.092, by adding a subdivision.

Reported the same back with the following amendments:

Page 2, delete section 2

Amend the title as follows:

Page 1, line 3, delete "appropriating money;"

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

The report was adopted.

Backer and Bierman from the Committee on Health Finance and Policy to which was referred:

H. F. No. 3769, A bill for an act relating to corrections; clarifying in law the multiple levels of substance abuse care provided by the commissioner of corrections; expanding access to mental health unit beds for incarcerated persons; clarifying mandatory tuberculosis screening in correctional facilities; amending Minnesota Statutes 2024, sections 144.445, subdivisions 1, 2, by adding a subdivision; 241.021, subdivision 4a; 241.69, subdivisions 1, 3, 4, 5, 6.

Reported the same back with the following amendments:

Page 2, line 3, after the second "an" insert "intake or"

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

The report was adopted.

Backer and Bierman from the Committee on Health Finance and Policy to which was referred:

H. F. No. 3978, A bill for an act relating to health occupations; providing protections to participants in and employees and operators of a health care provider wellness program; amending Minnesota Statutes 2024, section 214.41.

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

The report was adopted.

Koznick and Tabke from the Committee on Transportation Finance and Policy to which was referred:

H. F. No. 4065, A bill for an act relating to public safety; clarifying criminal penalty provisions for assaulting transit workers; amending Minnesota Statutes 2024, section 609.2231, subdivision 11.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Public Safety Finance and Policy.

The report was adopted.

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

H. F. No. 4118, A bill for an act relating to financial institutions; authorizing credit unions to obtain insurance from a credit union share insurance provider; regulating credit union share guaranty corporations; amending Minnesota Statutes 2024, sections 52.063, subdivision 3; 52.24, subdivisions 1, 2, by adding a subdivision.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Commerce Finance and Policy.

The report was adopted.

Bennett and Jordan from the Committee on Education Policy to which was referred:

H. F. No. 4399, A bill for an act relating to elections; Independent School District No. 535, Rochester; providing for school board elections under chapter 205A; amending Laws 1969, chapter 193, section 3, as amended.

Reported the same back with the following amendments:

Page 2, line 10, delete everything after "chapter 205A" and insert ". Notwithstanding Minnesota Statutes, section 205A.12, the district may alter its organization into separate election districts for the purpose of election of board members using the procedures provided in that section"

Page 2, line 11, delete everything before the period

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

The report was adopted.

Franson and Lee, F., from the Committee on Capital Investment to which was referred:

H. F. No. 4470, A bill for an act relating to capital investment; appropriating money for a memorial to Melissa Hortman on the site of the State Office Building.

Reported the same back with the recommendation that the bill be re-referred to the Committee on State Government Finance and Policy.

The report was adopted.

Klevorn and Nash from the Committee on State Government Finance and Policy to which was referred:

S. F. No. 856, A bill for an act relating to state government; creating the Office of the Inspector General; creating an advisory committee; requiring reports; transferring certain agency duties; placing limits and prohibiting certain programs from receiving public funds; making conforming and technical changes; providing for interagency agreements; appropriating money; amending Minnesota Statutes 2024, sections 3.971, by adding a subdivision; 13.82, subdivision 1; 15A.0815, subdivision 2; 127A.21, subdivisions 1a, 5, by adding subdivisions; 142A.03, by

adding a subdivision; 142A.12, subdivision 5; 144.05, by adding a subdivision; 181.932, subdivision 1; 245.095, subdivision 5; 256.01, by adding a subdivision; 609.456, subdivision 2; 626.84, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 15D; repealing Minnesota Statutes 2024, sections 13.321, subdivision 12; 127A.21, subdivisions 1, 2, 3, 4, 6, 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
OFFICE OF THE INSPECTOR GENERAL

Section 1. Minnesota Statutes 2024, section 3.971, is amended by adding a subdivision to read:

Subd. 3b. **Public reports of fraud and misuse.** Notwithstanding the classification of data as not public, the legislative auditor must refer all credible reports from the public about potential fraud or misuse, as those terms are defined in chapter 15E, to the inspector general appointed under chapter 15E. The legislative auditor may coordinate reviews and investigations with the inspector general when coordination conserves resources and does not compromise the reviews or investigations.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 2. Minnesota Statutes 2025 Supplement, section 10A.01, subdivision 35, is amended to read:

Subd. 35. **Public official.** "Public official" means any:

- (1) member of the legislature;
- (2) individual employed by the legislature as secretary of the senate, legislative auditor, director of the Legislative Budget Office, chief clerk of the house of representatives, revisor of statutes, or researcher, legislative analyst, fiscal analyst, or attorney in the Office of Senate Counsel, Research and Fiscal Analysis, House Research, or the House Fiscal Analysis Department;
- (3) constitutional officer in the executive branch and the officer's chief administrative deputy;
- (4) solicitor general or deputy, assistant, or special assistant attorney general;
- (5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;
- (6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;
- (7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;
- (8) executive director of the State Board of Investment;
- (9) deputy of any official listed in clauses (7) and (8);

- (10) judge of the Workers' Compensation Court of Appeals;
- (11) administrative law judge or compensation judge in the State Office of Administrative Hearings or unemployment law judge in the Department of Employment and Economic Development;
- (12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;
- (13) member or chief administrator of a metropolitan agency;
- (14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;
- (15) member or executive director of the Health and Education Facilities Authority;
- (16) member of the board of directors or president of Enterprise Minnesota, Inc.;
- (17) member of the board of directors or executive director of the Minnesota State High School League;
- (18) member of the Minnesota Ballpark Authority established in section 473.755;
- (19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;
- (20) manager of a watershed district, or member of a watershed management organization as defined under section 103B.205, subdivision 13;
- (21) supervisor of a soil and water conservation district;
- (22) director of Explore Minnesota Tourism;
- (23) citizen member of the Lessard-Sams Outdoor Heritage Council established in section 97A.056;
- (24) citizen member of the Clean Water Council established in section 114D.30;
- (25) member or chief executive of the Minnesota Sports Facilities Authority established in section 473J.07;
- (26) district court judge, appeals court judge, or supreme court justice;
- (27) county commissioner;
- (28) member of the Greater Minnesota Regional Parks and Trails Commission;
- (29) member of the Destination Medical Center Corporation established in section 469.41; ~~or~~
- (30) chancellor or member of the Board of Trustees of the Minnesota State Colleges and Universities; or
- (31) inspector general appointed under chapter 15E, or individual employed by the Office of the Inspector General.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 3. Minnesota Statutes 2024, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. **Agency head salaries.** The salary for a position listed in this subdivision shall be determined by the Compensation Council under section 15A.082. The commissioner of management and budget must publish the salaries on the department's website. This subdivision applies to the following positions:

Commissioner of administration;

Commissioner of agriculture;

Commissioner of education;

Commissioner of children, youth, and families;

Commissioner of commerce;

Commissioner of corrections;

Commissioner of health;

Commissioner, Minnesota Office of Higher Education;

Commissioner, Minnesota IT Services;

Commissioner, Housing Finance Agency;

Commissioner of human rights;

Commissioner of human services;

Commissioner of labor and industry;

Commissioner of management and budget;

Commissioner of natural resources;

Commissioner, Pollution Control Agency;

Commissioner of public safety;

Commissioner of revenue;

Commissioner of employment and economic development;

Commissioner of transportation;

Commissioner of veterans affairs;

Executive director of the Gambling Control Board;

Executive director of the Minnesota State Lottery;

Executive director of the Office of Cannabis Management;

Inspector general appointed under chapter 15E;

Commissioner of Iron Range resources and rehabilitation;

Commissioner, Bureau of Mediation Services;

Ombudsman for mental health and developmental disabilities;

Ombudsperson for corrections;

Chair, Metropolitan Council;

Chair, Metropolitan Airports Commission;

School trust lands director;

Executive director of pari-mutuel racing;

Commissioner, Public Utilities Commission;

Chief Executive Officer, Direct Care and Treatment; and

Director of the Office of Emergency Medical Services.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 4. **[15E.10] OFFICE OF THE INSPECTOR GENERAL.**

(a) The inspector general serves as an independent entity in the executive branch responsible for ensuring accountability, transparency, and integrity in the operations of state agencies and programs.

(b) In exercising the inspector general's powers and duties, the inspector general must operate independently of all state executive branch agencies and report directly to the governor. The inspector general is not subject to direction or interference from any executive or legislative authority.

(c) The inspector general shall direct an Office of the Inspector General.

(d) The inspector general serves in the unclassified service.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 5. **[15E.15] DEFINITIONS.**

For the purposes of this chapter, the following terms have the meanings given:

(1) "agency program" means a program funded or administered by a state department or agency, including grants and contracts;

(2) "fraud" means an intentional or deceptive act or failure to act to gain an unlawful benefit;

(3) "investigation" means an audit, review, or inquiry conducted by the inspector general to detect or prevent fraud or misuse;

(4) "misuse" means improper use of authority or position for personal gain or to cause harm to others, including the improper use of public resources or programs contrary to their intended purpose; and

(5) "personal gain" means a benefit to a person; to a person's spouse, parent, child, or other legal dependent; or to an in-law of the person or the person's child.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 6. **[15E.20] INSPECTOR GENERAL.**

Subdivision 1. **Minimum qualifications.** (a) To be eligible to be appointed as inspector general, a candidate must:

(1) have a bachelor's or higher degree in criminal justice, public administration, law, or a related field;

(2) have at least ten years of professional experience in auditing, investigations, law enforcement, or a related area;

(3) hold a professional certificate from the Association of Inspectors General, including Certified Inspector General or Certified Inspector General Investigator; and

(4) demonstrate a commitment to safeguarding the mission of public service and provide a public disclosure of prior professional opinions, positions, or actions that may influence the candidate's approach to the role.

(b) Current or former commissioners, agency heads, deputy commissioners or agency heads, governors, or legislators, and persons elected to an office other than governor or legislator, are not eligible to serve as inspector general within five years of their service in those roles.

Subd. 2. **Appointment.** The Legislative Inspector General Advisory Commission must recommend candidates for inspector general after a competitive process from among eligible applicants for the position of inspector general. To be recommended by the commission, a candidate must be approved for recommendation by five of the eight members of the commission. The commission must assess eligible candidates based on qualifications, including experience in auditing, financial analysis, public administration, law enforcement, or related fields. The inspector general is appointed by the governor, after consideration of recommendations from the Legislative Inspector General Advisory Commission, with confirmation by a vote of three-fifths of the senate. Section 15.066, subdivision 3, does not apply.

Subd. 3. **Term.** The inspector general serves a five-year term and may be appointed to unlimited additional terms. An appointment to an additional term must be confirmed by a vote of three-fifths of the senate.

Subd. 4. **Vacancy.** The Legislative Inspector General Advisory Commission must provide recommendations to the governor for appointment to fill a vacancy in the position of the inspector general within 90 days of a vacancy occurring or within 60 days of being advised by the inspector general that a vacancy is expected to occur. The governor must appoint an inspector general within 30 days of receiving recommendations from the Legislative Inspector General Advisory Commission or within 45 days of expiration of the 90- or 60-day period if the advisory commission does not provide recommendations within the time allotted.

Subd. 5. **Disclosure.** A candidate considered by the Legislative Inspector General Advisory Commission or selected for appointment by the governor must disclose all political affiliations, appointments, campaign work, or partisan activities prior to confirmation.

Subd. 6. **Nonpartisanship.** The inspector general, and all employees of the office, must perform duties of the office without regard to partisan preferences or influences. While serving, the inspector general, and all employees of the office, may not engage in partisan activities, campaign work, or public political speech, unless protected by the state or federal constitution.

Subd. 7. **Removal.** The inspector general may only be removed by the governor before the expiration of the term for cause after a public hearing conducted by the governor and with the approval of both the senate and the house of representatives.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 7. **[15E.25] POWERS AND DUTIES.**

Subdivision 1. **Authorized powers and responsibilities.** The inspector general is authorized and responsible to:

(1) establish standards and best practices concerning the operation, investigations, and fraud prevention processes of department and agency inspectors general, and periodically review department and agency compliance with these standards and best practices. Departments and agencies must follow standards developed by the inspector general under this clause;

(2) facilitate information sharing between departments and agencies, including coordinating investigations that involve multiple departments or agencies and designating a lead department or agency, coordinating and assisting department or agency identification and review of suspicious documents and data anomalies, and alerting other departments or agencies when a person suspected of committing fraud against any agency program may also be participating in, or applying to participate in, a program administered by another department or agency;

(3) evaluate the performance of department and agency inspector general offices and recommend improvements, as needed, to the department's commissioner or agency's head and inspector general. A commissioner or agency head that receives a recommendation under this clause must report annually to the chairs and ranking minority members of the legislative committees with jurisdiction over the department or agency regarding the department's or agency's implementation of the inspector general's recommendations until the inspector general notifies the commissioner or agency head and the chairs and ranking members that the recommendation was resolved in a satisfactory manner;

(4) conduct inspections, evaluations, and investigations of state executive branch departments and agencies and programs to: (i) identify fraud and misuse; (ii) make recommendations for changes to programs to prevent fraud and misuse; and (iii) protect the integrity of the use of public funds, data, and systems;

(5) refer matters for civil, criminal, or administrative action to the Office of the Inspector General Anti-Fraud and Waste Bureau under section 15E.27, the Bureau of Criminal Apprehension, the attorney general's office, or other appropriate authorities;

(6) recommend legislative or policy changes to improve program efficiency and effectiveness;

(7) publish reports on completion of an investigation summarizing findings, recommendations, and outcomes of the inspector general's activities;

(8) investigate any public or private entity that receives public funds to ensure compliance with applicable laws, proper use of funds, and adherence to program requirements;

(9) submit an annual report summarizing the work of the office to the Legislative Inspector General Advisory Commission and make the report publicly available by posting the report on the inspector general's website;

(10) alert relevant commissioners or heads of departments and agencies when the inspector general has a reasonable suspicion that fraud or misuse is being committed, whether or not the inspector general is conducting an investigation, as provided in subdivision 3; and

(11) establish and maintain a current exclusion list in a format readily accessible to departments and agencies that identifies each program and individual for which the inspector general has obtained a court order to freeze or cease distribution of funds or made a recommendation under clause (10) to freeze or cease distribution of funds.

Subd. 2. Relationship to powers and duties of other agencies. (a) The inspector general has authority to investigate fraud and misuse of public funds across all programs administered by state departments and agencies.

(b) The inspector general may perform the inspector general's duties and apply the inspector general's authority without obtaining approval from another department or agency.

(c) The Department of Human Services has primary responsibility to investigate fraud in the Medicaid program, but the inspector general has authority to conduct independent investigations related to the Medicaid program as necessary.

(d) The Department of Children, Youth, and Families has primary responsibility to investigate fraud in the child care assistance program, but the inspector general has authority to conduct independent investigations related to the child care assistance program.

(e) The Department of Health has primary responsibility to investigate fraud related to women, infants, and children (WIC) and food support programs, but the inspector general has authority to conduct independent investigations related to WIC and food support programs.

(f) The inspector general has concurrent authority over general compliance reviews, information technology security audits, or administrative program integrity assessments that are related to fraud or misuse.

(g) The inspector general must refer all credible reports from the public about potential fraud or misuse to the legislative auditor, and to the commissioner of human services for reports related to Medicaid. The inspector general may coordinate investigations with the legislative auditor, and the commissioner of human services for investigations related to Medicaid, when coordination conserves resources and does not compromise an investigation.

(h) The Department of Information Technology Services shall provide services to the Office of the Inspector General, under a managed services contract, according to section 16E.016.

Subd. 3. Alerting agency of issue; seeking a court order to freeze funds. (a) If the department or agency does not have primary investigative authority under subdivision 2, the inspector general shall investigate and, if the inspector general has a reasonable suspicion that fraud or misuse is occurring, then the inspector general may, at the inspector general's discretion, alert the commissioner or agency head and seek a court order to freeze or stop distribution of public funds, including any applicable due process and appeal rights, working in cooperation with the department or agency where practical and where it would not jeopardize an investigation.

(b) If the department or agency has primary investigative authority under subdivision 2 but the inspector general is not satisfied that the department's or agency's internal investigation is adequate or proceeding quickly enough, the inspector general may independently investigate and, if the inspector general has a reasonable suspicion that fraud or misuse is being committed, may make a recommendation to the department or agency to freeze or cease distribution of funds and notify the appropriate law enforcement agencies.

(c) If a commissioner of a department or head of an agency does not act on a recommendation to freeze or cease distribution of funds as requested, after reasonable notice and consistent with any applicable interagency agreements under section 19, unless prohibited by federal requirements, the inspector general may, at the inspector general's discretion, seek a court order to freeze or stop distribution of public funds, consistent with applicable due process and appeal rights.

(d) If public funds are stopped or frozen pursuant to this subdivision, the inspector general, working with and through the applicable state department or agency, must ensure that any person whose public funds are interrupted and who is not implicated in the suspected fraud or misuse receive notice of their rights related to continued receipt of the public funds, services, or programs for which they are eligible.

EFFECTIVE DATE. Subdivision 2, paragraph (c), and subdivision 3, paragraphs (b) and (c), are effective January 1, 2027, or upon federal approval from the Centers for Medicare and Medicaid Services, whichever is later. The commissioner of human services must notify the revisor of statutes when the Centers for Medicare and Medicaid Services approve or deny this section. The remainder of this section is effective January 1, 2027.

Sec. 8. **[15E.27] LAW ENFORCEMENT POWERS.**

Subdivision 1. **Authorization.** (a) The inspector general may appoint peace officers, as defined in section 626.84, subdivision 1, paragraph (c), and establish a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (f), known as the Office of the Inspector General Anti-Fraud and Waste Bureau, to conduct statewide investigations, and to make statewide arrests under sections 629.30 and 629.34. The primary jurisdiction of the agency is limited to offenses involving fraud, abuse, and any other criminal conduct within the jurisdiction of the Office of the Inspector General as described in this chapter.

(b) Upon request and at the inspector general's discretion, the bureau may respond to a law enforcement agency's request to exercise law enforcement duties in cooperation with the law enforcement agency that has jurisdiction over the particular matter.

Subd. 2. **Arrests and investigations.** The initial processing of a person arrested by the bureau for an offense within its jurisdiction is the responsibility of the bureau unless otherwise directed by the law enforcement agency with primary jurisdiction. Subsequent investigation is the responsibility of the bureau unless otherwise directed by the law enforcement agency with primary jurisdiction. At the request of the primary jurisdiction, the bureau may assist in a subsequent investigation being carried out by the primary jurisdiction.

Subd. 3. **Policy for notice of investigations.** The bureau must develop a policy for notifying the law enforcement agency with primary jurisdiction when it has initiated investigation of any person within the jurisdiction of that agency.

Subd. 4. **Chief law enforcement officer.** If the inspector general establishes a law enforcement agency under this section, the inspector general shall appoint a peace officer employed full time to be the chief law enforcement officer and to be responsible for the management of the bureau. The chief law enforcement officer shall possess the necessary police and management experience to manage a law enforcement agency. The chief law enforcement officer may appoint, discipline, and discharge all employees of the bureau. All police managerial and supervisory personnel must be full-time employees of the bureau. Supervisory personnel must be on duty and available any time peace officers of the bureau are on duty.

Subd. 5. **Compliance; powers and duties.** (a) Except as otherwise provided in this section, the bureau shall comply with all statutes and administrative rules relating to the operation and management of a law enforcement agency.

(b) The bureau has the powers and duties of a law enforcement agency as provided by law, including this section. Other powers and duties provided to the inspector general or the Office of the Inspector General under this chapter do not apply to the bureau.

Subd. 6. **Evidence, documentation, and related materials.** If the bureau seeks evidence, documentation, and related materials pertinent to an investigation, and the matter is located outside of this state, the bureau may designate representatives, including officials of the state where the matter is located, to secure the matter or inspect the matter on its behalf.

Subd. 7. **Annual report on activities and cost-effectiveness.** The bureau shall maintain records and information in order to produce an annual report of its activities as may be prescribed by the inspector general. The inspector general shall report annually to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over the inspector general as to the activities and the cost-effectiveness of the bureau.

Subd. 8. **Assignment of peace officers.** Regardless of whether a law enforcement agency is established under this section, the inspector general may enter into memorandums of understanding with chief law enforcement officers of state and local law enforcement agencies to allow peace officers from those agencies to be assigned with the Office of the Inspector General to enforce criminal laws and investigate matters within the jurisdiction of the office. A peace officer assigned under this subdivision must be a licensed peace officer as defined in section 626.84, subdivision 1, paragraph (c). Participating officers remain employees of the same entity that employed them before being assigned under this subdivision. Participating officers are subject to annual performance reviews conducted by the entity's operational supervisor. Peace officers assigned under this subdivision have statewide jurisdiction to conduct criminal investigations and have the same powers of arrest as those possessed by a sheriff.

Subd. 9. **Data practices.** The Office of the Inspector General Anti-Fraud and Waste Bureau is subject to chapter 13.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 9. **[15E.30] AUXILIARY POWERS.**

Subdivision 1. **Subpoena power.** In all matters relating to official duties, the inspector general has the powers possessed by courts of law to issue and have subpoenas served.

Subd. 2. **Inquiry and inspection power; duty to aid inspector general.** All public officials and their deputies and employees, and all corporations, firms, and individuals having business involving the receipt, disbursement, or custody of public funds shall at all times:

- (1) afford reasonable facilities for examinations by the inspector general;
- (2) provide returns and reports required by the inspector general;
- (3) attend and answer under oath the inspector general's lawful inquiries;
- (4) produce and exhibit all books, accounts, documents, data of any classification, and property that the inspector general requests to inspect; and
- (5) in all things cooperate with the inspector general.

Subd. 3. **Penalties.** (a) If a person refuses or neglects to obey any lawful direction of the inspector general, a deputy, or assistant, or withholds any information, book, record, paper or other document called for by the inspector general for the purpose of examination, after having been lawfully required by order or subpoena, upon application by the inspector general, a judge of the district court in the county where the order or subpoena was made returnable shall compel obedience or punish disobedience as for contempt, as in the case of a similar order or subpoena issued by the court.

(b) A person who swears falsely concerning any matter stated under oath is guilty of a gross misdemeanor.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 10. **[15E.35] IDENTIFICATION OF FRAUD REPORTING TOOL.**

(a) The commissioner or head of each executive branch department or agency must prominently highlight on the department's or agency's website the fraud reporting tools administered by the Office of the Inspector General under this chapter, and by the Office of the Legislative Auditor under chapter 3.

(b) As part of any grant agreement between the state and a nonprofit organization, the agreement must require the nonprofit organization to prominently highlight on the organization's website the fraud reporting tools administered by the Office of the Inspector General under this chapter, and by the Office of the Legislative Auditor under chapter 3. The state department or agency administering the grant must regularly confirm and document the organization's compliance with the requirement under this paragraph for the life of the grant agreement.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 11. **[15E.40] DATA PRACTICES.**

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

(b) "Confidential data on individuals" has the meaning given in section 13.02, subdivision 3.

(c) "Government entity" has the meaning given in section 13.02, subdivision 7a.

(d) "Nonpublic data" has the meaning given in section 13.02, subdivision 9.

(e) "Not public data" has the meaning given in section 13.02, subdivision 8a.

(f) "Private data on individuals" has the meaning given in section 13.02, subdivision 12.

(g) "Protected nonpublic data" has the meaning given in section 13.02, subdivision 13.

Subd. 2. **Government Data Practices Act.** The Office of the Inspector General is a government entity and is subject to the Government Data Practices Act, chapter 13. The inspector general is the head of a state agency for purposes of section 13.43, subdivision 2, paragraph (e).

Subd. 3. **Access.** In order to perform the duties under this chapter, the inspector general has access to data of any classification, including data classified as not public data. It is not a violation of chapter 13 or any other statute classifying government data as not public data if a government entity provides data pursuant to a subpoena issued under this chapter.

Subd. 4. **Dissemination.** The inspector general may disseminate data of any classification, including not public data, to:

(1) a government entity, other than a law enforcement agency or prosecuting authority, if the dissemination of the data aids a pending investigation or administrative action;

(2) a law enforcement agency or prosecuting authority if there is reason to believe that the data are evidence of criminal activity within the agency's or authority's jurisdiction; or

(3) the legislative auditor or commissioner of human services as provided in section 15E.25, subdivision 2, paragraph (g).

Subd. 5. **Data classifications; civil investigations.** (a) Notwithstanding any other law, data relating to a civil investigation conducted under this chapter are confidential data on individuals or protected nonpublic data while the investigation is active. Whether a civil investigation is active shall be determined by the inspector general.

(b) Data relating to a civil investigation conducted under this chapter become public data upon the inspector general's completion of the investigation, unless:

(1) the release of the data would jeopardize another active investigation by the inspector general or another government entity;

(2) the inspector general reasonably believes the data will be used in litigation related to any civil, criminal, or administrative actions, including reconsideration or appeal of any such action; or

(3) the data are classified as not public under another statute or paragraph (e).

(c) Data subject to paragraph (b), clause (2), are confidential data on individuals or protected nonpublic data and become public when the litigation has been completed or the time period to appeal has expired, or the litigation is no longer being actively pursued.

(d) Unless the data are subject to a more restrictive classification, upon the inspector general's decision to no longer actively pursue a civil investigation under this chapter, data relating to a civil investigation are private data on individuals or nonpublic data except the following data are public:

(1) data relating to the investigation's general description, existence, status, and disposition; and

(2) data that document the inspector general's work.

(e) Inactive civil investigative data on an individual supplying information for an investigation that could reasonably be used to determine the individual's identity are private data on individuals if the information supplied was needed for the investigation and would not have been provided to the inspector general without an assurance to the individual that the individual's identity would remain private.

(f) Data relating to a civil investigation conducted under this chapter that are obtained from an entity that is not a government entity have the same classification that the data would have if obtained from a government entity.

Subd. 6. **Privileges.** Nothing in this section or section 15E.30 requires the disclosure of documents or information that is legally privileged under statute or other law, including documents or information subject to section 13.393 or 595.02.

Subd. 7. **Criminal investigations.** This section does not apply to criminal investigations conducted by the Office of the Inspector General Anti-Fraud and Waste Bureau under section 15E.27.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 12. **[15E.45] RESOURCES.**

Subdivision 1. **Staff.** (a) The inspector general may hire and manage staff as necessary and in accordance with chapter 43A. The inspector general must employ and manage at least one attorney to serve as legal counsel for the office and to advise the inspector general on all legal matters relating to the office. Except for the inspector general, the staff in the Office of the Inspector General shall serve in the classified civil service. Except as provided in paragraph (b), compensation for employees of the inspector general in the classified service who are represented by an exclusive representative shall be governed by a collective bargaining agreement negotiated between the commissioner of management and budget and the exclusive representative. Compensation for employees of the inspector general in the classified service who are not represented by an exclusive representative shall be as provided in the nonrepresented employees compensation plan under section 43A.18, subdivision 2, or by the managerial plan under section 43A.18, subdivision 3, depending on the employee's job classification.

(b) Section 15.039, subdivision 7, applies to employees transferred into the Office of the Inspector General from other offices of inspectors general within the first year following enactment of chapter 15E.

Subd. 2. **Contracting.** The inspector general may contract with external experts to support the work of the office, subject to section 16C.08.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 13. **[15E.50] REPORTING AND TRANSPARENCY.**

Subdivision 1. **Reports.** The inspector general must issue public reports detailing completed investigations and corrective actions taken.

Subd. 2. **Public tips.** The inspector general must maintain a phone line and website for reporting fraud and misuse that allows the person making the report to remain anonymous.

Subd. 3. **Report; inactive investigations.** By December 1, 2027, and each December 1 thereafter, the inspector general must submit a report to the legislative auditor and the chairs and ranking minority members of the legislative committees with jurisdiction over state government and data practices regarding all investigations the inspector general did not open after receiving a tip or complaint or decided to no longer actively pursue for the preceding calendar year. The report must include, at a minimum, summary data as defined in section 13.02, subdivision 19, for:

(1) all complaints or tips received;

(2) the type of allegation;

(3) if the complaint or tip was not frivolous, the reason that the inspector general did not open an investigation or decided to no longer pursue the investigation; and

(4) referrals to other agencies or the legislative auditor.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 14. **[15E.55] PROFESSIONAL STANDARDS AND REVIEW.**

(a) The inspector general's activities must adhere to professional standards as promulgated by the Association of Inspectors General or other recognized bodies.

(b) The governor must contract for an external quality assurance review of the inspector general every three years and must make findings from the review public.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 15. **[15E.60] LEGISLATIVE INSPECTOR GENERAL ADVISORY COMMISSION.**

Subdivision 1. Membership. The Legislative Inspector General Advisory Commission is comprised of:

(1) two senators appointed by the majority leader of the senate;

(2) two senators appointed by the minority leader of the senate;

(3) two members of the house of representatives appointed by the speaker of the house of representatives; and

(4) two members of the house of representatives appointed by the minority leader of the house of representatives.

Subd. 2. Terms. Members serve at the pleasure of their appointing authority and each member serves until a replacement is appointed.

Subd. 3. Chair. The commission must select a chair after consideration of its members by January 31 of each odd-numbered year. The chair serves until a successor is elected. The chair must alternate biennially between the senate and the house of representatives.

Subd. 4. Duties. (a) The Legislative Inspector General Advisory Commission:

(1) must consider applicants for and make recommendations to the governor for the position of inspector general; and

(2) may conduct hearings to review the work of the inspector general to ensure impartiality, independence, and effectiveness.

(b) By January 1, 2027, the commission must conduct at least one hearing on, and provide recommendations to the chairs and ranking minority members of the committees in the senate and the house of representatives with jurisdiction over commerce and public safety on, merging the Financial Crimes and Fraud Section of the Department of Public Safety into the Office of the Inspector General. The recommendations should include proposed legislation to effectuate the merger.

Subd. 5. Per diem; expense reimbursement. Members may be compensated for time spent on commission duties and may be reimbursed for expenses according to the rules of their respective bodies.

Subd. 6. Meeting space; staff. The Legislative Coordinating Commission must provide meeting space and staff to assist the commission in performing its duties.

Subd. 7. Open meetings. The Legislative Inspector General Advisory Commission is subject to the requirements in section 3.055.

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

Sec. 16. Minnesota Statutes 2024, section 609.456, subdivision 2, is amended to read:

Subd. 2. Legislative auditor or inspector general. Whenever an employee or officer of the state, University of Minnesota, or other organization listed in section 3.971, subdivision 6, discovers evidence of fraud, theft, embezzlement, or other unlawful use of public funds or property, the employee or officer shall, ~~except when to do so would knowingly impede or otherwise interfere with an ongoing criminal investigation,~~ promptly report in writing to the legislative auditor or the inspector general appointed under chapter 15E a detailed description of the alleged incident or incidents.

Sec. 17. **OFFICE OF THE INSPECTOR GENERAL ESTABLISHMENT AND TRANSITION.**

Subdivision 1. **Appointment.** Notwithstanding Minnesota Statutes, section 15E.20, subdivision 4, by January 1, 2027, the Legislative Inspector General Advisory Commission must make recommendations for appointment of an inspector general under Minnesota Statutes, chapter 15E. By February 1, 2027, the governor must appoint an inspector general.

Subd. 2. **Operational.** By September 1, 2027, the Office of the Inspector General must be fully operational.

Subd. 3. **Transition of employees.** (a) Before September 1, 2027, all officers and employees employed in an office of inspector general for a state department or agency shall transition to employment under the Office of the Inspector General under Minnesota Statutes, chapter 15E, except as specified in subdivision 6.

(b) The following protections shall apply to employees who are transferred to the Office of the Inspector General under Minnesota Statutes, chapter 15E, from state departments or agencies:

(1) no transferred employee shall have their employment status and job classification altered as a result of the transfer;

(2) transferred employees who were represented by an exclusive representative prior to the transfer shall continue to be represented by the same exclusive representative after the transfer;

(3) any applicable collective bargaining agreements with exclusive representatives shall continue in full force and effect for transferred employees after the transfer while the agreement remains in effect;

(4) when an employee in a temporary unclassified position is transferred to the Office of the Inspector General, the total length of time that the employee has served in the appointment must include all time served in the appointment at the transferring department or agency and the time served in the appointment at the Office of the Inspector General. An employee in a temporary unclassified position who was hired by a transferring department or agency through an open competitive selection process under a policy enacted by the commissioner of management and budget is considered to have been hired through a competitive selection process after the transfer;

(5) the state must meet and negotiate with the exclusive representatives of the transferred employees about proposed changes to the transferred employees' terms and conditions of employment to the extent that the proposed changes are not addressed in the applicable collective bargaining agreement; and

(6) if the state transfers ownership or control of any facilities, services, or operations of the Office of the Inspector General to another private or public entity by subcontracting, sale, assignment, lease, or other transfer, the state must require as a written condition of the transfer of ownership or control the following:

(i) employees who perform work in the facilities, services, or operations must be offered employment with the entity acquiring ownership or control before the entity offers employment to any individual who was not employed by the transferring department or agency at the time of the transfer; and

(ii) the wage and benefit standards of the transferred employees must not be reduced by the entity acquiring ownership or control through the expiration of the collective bargaining agreement in effect at the time of the transfer or for a period of two years after the transfer, whichever is longer.

There is no liability on the part of, and no cause of action arises against, the state of Minnesota or its officers or agents for any action or inaction of any entity acquiring ownership or control of any facilities, services, or operations of the department.

Subd. 4. **Assets.** Before September 1, 2027, assets and unused appropriations for existing offices of inspectors general shall be transferred to the Office of the Inspector General under Minnesota Statutes, chapter 15E, except as specified in subdivision 6.

Subd. 5. **Office space.** The commissioner of administration must provide or lease office space in the city of St. Paul for the Office of the Inspector General under Minnesota Statutes, chapter 15E, under a rental agreement.

Subd. 6. **Exceptions.** (a) No employees or positions in the Department of Human Services are transferred under this section.

(b) No employees or positions in the Department of Corrections are transferred under this section.

(c) No employees or positions in the student maltreatment program of the Department of Education or other Department of Education employees or positions dedicated to student maltreatment investigations under Minnesota Statutes, chapter 260E, are transferred under this section.

(d) No employees or positions in the Department of Children, Youth, and Families are transferred under this section.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 18. **LEGISLATIVE INSPECTOR GENERAL ADVISORY COMMISSION; INITIAL APPOINTMENTS AND FIRST MEETING.**

Subdivision 1. **Initial appointments.** Appointing authorities must make appointments to the Legislative Inspector General Advisory Commission by August 1, 2026.

Subd. 2. **First meeting.** The senate majority leader must designate one member of the Legislative Inspector General Advisory Commission to convene the first meeting of the Legislative Inspector General Advisory Commission by September 15, 2026.

Subd. 3. **Chair.** The Legislative Inspector General Advisory Commission must elect a chair from among its senate members at its first meeting. The first chair shall serve until a successor is selected at the start of the next biennium as provided in Minnesota Statutes, section 15E.60, subdivision 3.

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

Sec. 19. **INTERAGENCY AGREEMENTS.**

(a) By December 31, 2027, the Office of the Inspector General must enter into an interagency agreement with the Department of Human Services. The agreement must not preclude the department from performing, or give the inspector general authority to take actions that would interfere with the department's ability to perform, duties required as a condition for securing or maintaining federal funding. The interagency agreement must include a clause on cost-sharing for investigations that may require multiagency coordination and a clause that details what process will be followed if a joint investigation is required. The interagency agreement must not limit the inspector general's authority or authorized powers and responsibilities. The department and the inspector general may coordinate investigative efforts as necessary or practical, but an interagency agreement must not diminish, delay, or restrict the inspector general's ability to investigate fraud and misuse when an independent investigation is pursued.

(b) By December 31, 2027, the Office of the Inspector General must enter into an interagency agreement with the Department of Children, Youth, and Families. The interagency agreement must include a clause on cost-sharing for investigations that may require multiagency coordination and a clause that details what process will be followed if a joint investigation is required. The interagency agreement must not limit the inspector general's authority or

authorized powers and responsibilities. The department and the inspector general may coordinate investigative efforts as necessary or practical, but an interagency agreement must not diminish, delay, or restrict the inspector general's ability to investigate fraud and misuse when an independent investigation is pursued.

(c) By December 31, 2027, the Office of the Inspector General must enter into an interagency agreement with the Department of Health. The interagency agreement must include a clause on cost-sharing for investigations that may require multiagency coordination and a clause that details what process will be followed if a joint investigation is required. The interagency agreement must not limit the inspector general's authority or authorized powers and responsibilities. The department and the inspector general may coordinate investigative efforts as necessary or practical, but an interagency agreement must not diminish, delay, or restrict the inspector general's ability to investigate fraud and misuse when an independent investigation is pursued.

(d) As soon as practicable after January 1, 2027, the Office of the Inspector General must enter into an interagency agreement with the Department of Education. The interagency agreement must not limit the inspector general's authority or authorized powers and responsibilities. Effective immediately, nothing in Minnesota Statutes, chapter 15E, authorizes any sanction by the commissioner or inspector general that reduces, pauses, or otherwise interrupts state or federal aid to a school district; charter school; cooperative unit as defined by Minnesota Statutes, section 123A.24, subdivision 2; or any library, library system, or library district defined in Minnesota Statutes, section 134.001.

EFFECTIVE DATE. Paragraph (a) is effective January 1, 2027, or upon federal approval from the Centers for Medicare and Medicaid Services, whichever is later. The commissioner of human services must notify the revisor of statutes when the Centers for Medicare and Medicaid Services approve or deny this section. The remainder of this section is effective January 1, 2027.

Sec. 20. **APPROPRIATIONS.**

(a) \$644,000 in fiscal year 2027 is appropriated from the general fund to the commissioner of administration to establish the Office of the Inspector General. The base for this appropriation is \$430,000 in fiscal year 2028 and \$0 in fiscal year 2029 and each fiscal year thereafter.

(b) \$3,034,000 in fiscal year 2027 is appropriated from the general fund to the Office of the Inspector General for purposes of this act. The base for this appropriation is \$4,432,000 in fiscal year 2028 and \$4,439,000 in fiscal year 2029. The commissioner of administration, in consultation with the commissioner of management and budget, may transfer amounts in fiscal year 2027 to the commissioner of administration for office build out, cost of space, office equipment, and other costs directly related to the establishment of the office.

ARTICLE 2 CONFORMING ITEMS AND REPEALERS

Section 1. Minnesota Statutes 2025 Supplement, section 13.82, subdivision 1, is amended to read:

Subdivision 1. **Application.** This section shall apply to agencies which carry on a law enforcement function, including but not limited to municipal police departments, county sheriff departments, fire departments, the Bureau of Criminal Apprehension, the Minnesota State Patrol, the Board of Peace Officer Standards and Training, the Office of the Inspector General Anti-Fraud and Waste Bureau, and county human service agency client and provider fraud investigation, prevention, and control units operated or supervised by the Department of Human Services.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 2. Minnesota Statutes 2024, section 127A.21, subdivision 1a, is amended to read:

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

~~(b) "Abuse" means actions that may, directly or indirectly, result in unnecessary costs to department programs. Abuse may involve paying for items or services when there is no legal entitlement to that payment.~~

~~(e)~~ (b) "Department program" means a program funded by the Department of Education that involves the transfer or disbursement of public funds or other resources to a program participant. "Department program" includes state and federal aids or grants received by a school district or charter school or other program participant.

(c) "Inspector general" means the inspector general appointed under chapter 15E.

~~(d) "Fraud" means an intentional or deliberate act to deprive another of property or money or to acquire property or money by deception or other unfair means. Fraud includes intentionally submitting false information to the department for the purpose of obtaining a greater compensation or benefit than that to which the person is legally entitled. Fraud also includes failure to correct errors in the maintenance of records in a timely manner after a request by the department.~~

~~(e) "Investigation" means an audit, investigation, proceeding, or inquiry by the Office of the Inspector General related to a program participant in a department program.~~

~~(f)~~ (d) "Program participant" means any entity or person, including associated persons, that receives, disburses, or has custody of funds or other resources transferred or disbursed under a department program.

~~(g) "Waste" means practices that, directly or indirectly, result in unnecessary costs to department programs, such as misusing resources.~~

~~(h) For purposes of this section, neither "fraud," "waste," nor "abuse" includes decisions on instruction, curriculum, personnel, or other discretionary policy decisions made by a school district, charter school, cooperative unit as defined by section 123A.24, subdivision 2, or any library, library system, or library district defined in section 134.001.~~

EFFECTIVE DATE. Paragraph (c) is effective the day after the inspector general appointed under Minnesota Statutes, chapter 15E, notifies the revisor of statutes that the Office of the Inspector General under Minnesota Statutes, chapter 15E, has assumed responsibility for identifying and investigating fraud, misuse, and other unlawful use of public funds in the Department of Education. The remainder of this section is effective July 1, 2026.

Sec. 3. Minnesota Statutes 2025 Supplement, section 127A.21, subdivision 5, is amended to read:

Subd. 5. **Sanctions; appeal.** (a) This subdivision does not authorize any sanction that reduces, pauses, or otherwise interrupts state or federal aid to a school district, charter school, cooperative unit as defined by section 123A.24, subdivision 2, or any library, library system, or library district defined in section 134.001.

(b) The inspector general may recommend that the commissioner impose appropriate ~~temporary~~ sanctions, ~~including withholding of payments under the department program, on a program participant pending an investigation by the Office of the Inspector General if:~~

~~(1) during the course of an investigation, the Office of the Inspector General finds credible indicia of fraud, waste, or abuse by the program participant;~~

~~(2)~~ (1) there has been a criminal, civil, or administrative adjudication of fraud, ~~waste, or abuse~~ or misuse against the program participant in Minnesota or in another state or jurisdiction; or

~~(3) the program participant was receiving funds under any contract or registered in any program administered by another Minnesota state agency, a government agency in another state, or a federal agency, and was excluded from that contract or program for reasons credibly indicating fraud, waste, or abuse by the program participant; or~~

(4) (2) the program participant has a pattern of noncompliance with an investigation.

(c) If an investigation finds, by a preponderance of the evidence, fraud, ~~waste, or abuse~~ misuse by a program participant, the inspector general may, after reviewing all facts and evidence and when acting judiciously on a case-by-case basis, recommend that the commissioner impose appropriate sanctions on the program participant.

(d) Unless prohibited by law, the commissioner has the authority to implement recommendations by the inspector general, including imposing appropriate sanctions, temporarily or otherwise, on a program participant. Sanctions may include ending program participation, stopping disbursement of funds or resources, monetary recovery, and termination of department contracts with the participant for any current or future department program or contract. A sanction may be imposed for up to the longest period permitted by state or federal law. Sanctions authorized under this subdivision are in addition to other remedies and penalties available under law.

(e) If the commissioner imposes sanctions on a program participant under this subdivision, the commissioner must notify the participant in writing within seven business days of imposing the sanction, unless requested in writing by a law enforcement agency to temporarily delay issuing the notice to prevent disruption of an ongoing law enforcement agency investigation. A notice of sanction must state:

- (1) the sanction being imposed;
- (2) the general allegations that form the basis for the sanction;
- (3) the duration of the sanction;
- (4) the department programs to which the sanction applies; and
- (5) how the program participant may appeal the sanction pursuant to paragraph (f).

(f) A program participant sanctioned under this subdivision may, within 30 days after the date the notice of sanction was mailed to the participant, appeal the determination by requesting in writing that the commissioner initiate a contested case proceeding under chapter 14. The scope of any contested case hearing is limited to the sanction imposed under this subdivision. An appeal request must specify with particularity each disputed item, the reason for the dispute, and must include the name and contact information of the person or entity that may be contacted regarding the appeal.

(g) The commissioner shall lift sanctions imposed under this subdivision if the ~~Office of the~~ inspector general notifies the commissioner that the inspector general determines there is insufficient evidence of fraud, ~~waste, or abuse~~ misuse by the program participant. The commissioner must notify the participant in writing within seven business days of lifting the sanction.

Sec. 4. Minnesota Statutes 2024, section 127A.21, is amended by adding a subdivision to read:

Subd. 8. Limits on receiving public funds; prohibition. (a) This subdivision does not authorize any action that reduces, pauses, or otherwise interrupts state or federal aid to a school district; charter school; cooperative unit as defined in section 123A.24, subdivision 2; or any library, library system, or library district defined in section 134.001.

(b) For purposes of this subdivision, "program participant" includes individuals or persons who have an ownership interest in, control of, or the ability to control a program participant in a department program.

(c) If a program participant is excluded from a department program, the commissioner may:

(1) prohibit the excluded program participant from enrolling in, receiving grant money from, or registering in any other program administered by the commissioner; and

(2) disenroll or disqualify the excluded program participant from any other program administered by the commissioner.

(d) If a program participant enrolled, licensed, or receiving funds under any contract or program administered by a Minnesota state agency or federal agency is excluded from that program, the inspector general shall notify the commissioner, who may:

(1) prohibit the excluded program participant from enrolling in, becoming licensed, receiving grant money from, or registering in any other program administered by the commissioner; and

(2) disenroll or disqualify the excluded program participant from any other program administered by the commissioner.

(e) The duration of a prohibition, disenrollment, revocation, suspension, or disqualification under paragraph (c) must last for the longest applicable sanction or disqualifying period in effect for the program participant permitted by state or federal law. The duration of a prohibition, disenrollment, revocation, suspension, or disqualification under paragraph (d) may last up until the longest applicable sanction or disqualifying period in effect for the program participant as permitted by state or federal law.

Sec. 5. Minnesota Statutes 2024, section 127A.21, is amended by adding a subdivision to read:

Subd. 9. **Notice.** Within five days of taking an action against a program participant under subdivision 8, paragraph (c) or (d), the commissioner must send notice of the action to the program participant. The notice must state the:

(1) basis for the action;

(2) effective date of the action;

(3) right to appeal the action; and

(4) requirements and procedures for reinstatement.

Sec. 6. Minnesota Statutes 2024, section 127A.21, is amended by adding a subdivision to read:

Subd. 10. **Appeal.** (a) Upon receipt of a notice under subdivision 9, a program participant may request a contested case hearing, as defined in section 14.02, subdivision 3, by filing with the commissioner a written request of appeal. The appeal request must be received by the commissioner no later than 30 days after the date the notification was mailed to the program participant.

(b) The appeal request must specify:

(1) each disputed item and the reason for the dispute;

(2) the authority in statute or rule upon which the program participant relies for each disputed item;

(3) the name and address of the person or entity with whom contacts may be made regarding the appeal; and

(4) other information required by the commissioner.

(c) Unless a timely and proper appeal is received by the commissioner, the action of the commissioner shall be considered final and binding on the effective date of the action as stated in the notice under subdivision 9, clause (2).

Sec. 7. Minnesota Statutes 2024, section 127A.21, is amended by adding a subdivision to read:

Subd. 11. **Withholding of payments.** (a) This subdivision does not authorize withholding of payments that reduces, pauses, or otherwise interrupts state or federal aid to a school district; charter school; cooperative unit as defined in section 123A.24, subdivision 2; or any library, library system, or library district defined in section 134.001.

(b) Except as otherwise provided by state or federal law, the inspector general shall notify and recommend to the commissioner to withhold payments to a program participant in any program administered by the commissioner, who shall have the authority to withhold such payments to the extent permitted under federal law, if the inspector general determines there is a credible allegation of fraud or misuse for which an investigation is pending for a program administered by the department, a Minnesota state agency, or a federal agency.

(c) Allegations are considered credible when they have indicia of reliability and the inspector general has reviewed the evidence and acts on a case-by-case basis. A credible allegation of fraud is an allegation that has been verified by the commissioner from any source, including but not limited to:

(1) fraud hotline complaints;

(2) claims data mining; and

(3) patterns identified through provider audits, civil false claims cases, and investigations.

(d) The commissioner must send notice of the withholding of payments within five days of taking such action. The notice must:

(1) state that payments are being withheld according to this paragraph;

(2) set forth the general allegations as to the reasons for the withholding action, but need not disclose any specific information concerning an ongoing investigation;

(3) state that the withholding is for a temporary period and cite the circumstances under which withholding will be terminated; and

(4) inform the program participant of the right to submit written evidence for consideration by the commissioner.

(e) The withholding of payments shall not continue after the inspector general determines there is insufficient evidence of fraud by the program participant or after legal proceedings relating to the alleged fraud are completed, unless the commissioner has sent notice under subdivision 5 of the intention to take an additional action related to the program participant's participation in a program administered by the commissioner. If the inspector general determines there is insufficient evidence of fraud by the program participant or after legal proceedings relating to the alleged fraud are completed, the inspector general shall notify the commissioner within ten days of the determination.

(f) The withholding of payments is a temporary action and shall not be subject to appeal under this subdivision or chapter 14.

Sec. 8. Minnesota Statutes 2024, section 142A.03, is amended by adding a subdivision to read:

Subd. 36. **Office of the Inspector General; reports.** The commissioner must submit final investigative reports to the inspector general appointed under chapter 15E, for any investigation conducted by the commissioner into fraud or misuse, as defined in section 15E.15, within the child care assistance program.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 9. Minnesota Statutes 2024, section 142A.12, subdivision 5, is amended to read:

Subd. 5. **Withholding of payments.** (a) Except as otherwise provided by state or federal law, the commissioner may withhold payments to a provider, vendor, individual, associated individual, or associated entity in any program administered by the commissioner if the commissioner determines there is a credible allegation of fraud for which an investigation is pending for a program administered by a Minnesota state or federal agency.

(b) For purposes of this subdivision, "credible allegation of fraud" means an allegation that has been verified by the commissioner from any source, including but not limited to:

- (1) fraud hotline complaints;
- (2) claims data mining;
- (3) patterns identified through provider audits, civil false claims cases, and law enforcement investigations; ~~and~~

(4) court filings and other legal documents, including but not limited to police reports, complaints, indictments, informations, affidavits, declarations, and search warrants; and

(5) information from the inspector general, including information listed on the inspector general's exclusion list under section 15E.25, subdivision 1, clause (11).

(c) The commissioner must send notice of the withholding of payments within five days of taking such action. The notice must:

- (1) state that payments are being withheld according to this subdivision;
- (2) set forth the general allegations related to the withholding action, except the notice need not disclose specific information concerning an ongoing investigation;
- (3) state that the withholding is for a temporary period and cite the circumstances under which the withholding will be terminated; and
- (4) inform the provider, vendor, individual, associated individual, or associated entity of the right to submit written evidence to contest the withholding action for consideration by the commissioner.

(d) If the commissioner withholds payments under this subdivision, the provider, vendor, individual, associated individual, or associated entity has a right to request administrative reconsideration. A request for administrative reconsideration must be made in writing, state with specificity the reasons the payment withholding decision is in error, and include documents to support the request. Within 60 days from receipt of the request, the commissioner shall judiciously review allegations, facts, evidence available to the commissioner, and information submitted by the provider, vendor, individual, associated individual, or associated entity to determine whether the payment withholding should remain in place.

(e) The commissioner shall stop withholding payments if the commissioner determines there is insufficient evidence of fraud by the provider, vendor, individual, associated individual, or associated entity or when legal proceedings relating to the alleged fraud are completed, unless the commissioner has sent notice under subdivision 3 to the provider, vendor, individual, associated individual, or associated entity.

(f) The withholding of payments is a temporary action and is not subject to appeal under section 256.0451 or chapter 14.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 10. Minnesota Statutes 2024, section 144.05, is amended by adding a subdivision to read:

Subd. 9. Office of the Inspector General; reports. The commissioner must submit final investigative reports to the inspector general appointed under chapter 15E for any investigation conducted by the commissioner into fraud or misuse, as defined in section 15E.15, within the special supplemental nutrition program for women, infants, and children.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 11. Minnesota Statutes 2024, section 245.095, subdivision 5, is amended to read:

Subd. 5. **Withholding of payments.** (a) Except as otherwise provided by state or federal law, the commissioner may withhold payments to a provider, vendor, individual, associated individual, or associated entity in any program administered by the commissioner if the commissioner determines there is a credible allegation of fraud for which an investigation is pending for a program administered by a Minnesota state or federal agency.

(b) For purposes of this subdivision, "credible allegation of fraud" means an allegation that has been verified by the commissioner from any source, including but not limited to:

- (1) fraud hotline complaints;
- (2) claims data mining;
- (3) patterns identified through provider audits, civil false claims cases, and law enforcement investigations; ~~and~~
- (4) court filings and other legal documents, including but not limited to police reports, complaints, indictments, informations, affidavits, declarations, and search warrants; and
- (5) information from the inspector general appointed under chapter 15E, including information listed on the inspector general's exclusion list under section 15E.25, subdivision 1, clause (11).

(c) The commissioner must send notice of the withholding of payments within five days of taking such action. The notice must:

- (1) state that payments are being withheld according to this subdivision;
- (2) set forth the general allegations related to the withholding action, except the notice need not disclose specific information concerning an ongoing investigation;
- (3) state that the withholding is for a temporary period and cite the circumstances under which the withholding will be terminated; and
- (4) inform the provider, vendor, individual, associated individual, or associated entity of the right to submit written evidence to contest the withholding action for consideration by the commissioner.

(d) If the commissioner withholds payments under this subdivision, the provider, vendor, individual, associated individual, or associated entity has a right to request administrative reconsideration. A request for administrative reconsideration must be made in writing, state with specificity the reasons the payment withholding decision is in error, and include documents to support the request. Within 60 days from receipt of the request, the commissioner shall judiciously review allegations, facts, evidence available to the commissioner, and information submitted by the provider, vendor, individual, associated individual, or associated entity to determine whether the payment withholding should remain in place.

(e) The commissioner shall stop withholding payments if the commissioner determines there is insufficient evidence of fraud by the provider, vendor, individual, associated individual, or associated entity or when legal proceedings relating to the alleged fraud are completed, unless the commissioner has sent notice under subdivision 3 to the provider, vendor, individual, associated individual, or associated entity.

(f) The withholding of payments is a temporary action and is not subject to appeal under section 256.045 or chapter 14.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 12. Minnesota Statutes 2024, section 256.01, is amended by adding a subdivision to read:

Subd. 45. Office of the Inspector General; reports. The commissioner must submit final investigative reports to the inspector general, appointed under chapter 15E, for any investigation conducted by the commissioner into fraud or misuse, as defined in section 15E.15, within the Medicaid program.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 13. Minnesota Statutes 2025 Supplement, section 626.84, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of sections 626.84 to 626.863, the following terms have the meanings given:

(a) "Board" means the Board of Peace Officer Standards and Training.

(b) "Director" means the executive director of the board.

(c) "Peace officer" means:

(1) an employee or an elected or appointed official of a political subdivision or law enforcement agency who is licensed by the board, charged with the prevention and detection of crime and the enforcement of the general criminal laws of the state and who has the full power of arrest, and shall also include the Minnesota State Patrol, agents of the Division of Alcohol and Gambling Enforcement, state conservation officers, Metropolitan Transit police officers, Department of Corrections Fugitive Apprehension Unit officers, Office of the Inspector General Anti-Fraud and Waste Bureau officers, the statewide coordinator of the Violent Crime Coordinating Council, and railroad peace officers as authorized by section 219.995 and United States Code, title 49, section 28101; and

(2) a peace officer who is employed by a law enforcement agency of a federally recognized tribe, as defined in United States Code, title 25, section 450b(e), and who is licensed by the board.

(d) "Part-time peace officer" means an individual licensed by the board whose services are utilized by law enforcement agencies no more than an average of 20 hours per week, not including time spent on call when no call to active duty is received, calculated on an annual basis, who has either full powers of arrest or authorization to carry a firearm while on active duty. The term shall apply even though the individual receives no compensation for time spent on active duty, and shall apply irrespective of the title conferred upon the individual by any law enforcement agency.

(e) "Reserve officer" means an individual whose services are utilized by a law enforcement agency to provide supplementary assistance at special events, traffic or crowd control, and administrative or clerical assistance, and shall include reserve deputies, special deputies, mounted or unmounted patrols, and all other employees or volunteers performing reserve officer functions. A reserve officer's duties do not include enforcement of the general criminal laws of the state, and the officer does not have full powers of arrest or authorization to carry a firearm on duty.

(f) "Law enforcement agency" means:

(1) a unit of state or local government that is authorized by law to grant full powers of arrest and to charge a person with the duties of preventing and detecting crime and enforcing the general criminal laws of the state;

(2) subject to the limitations in section 626.93, a law enforcement agency of a federally recognized tribe, as defined in United States Code, title 25, section 450b(e); and

(3) subject to the limitation of section 219.995, a railroad company.

(g) "Professional peace officer education" means a postsecondary degree program, or a nondegree program for persons who already have a college degree, that is offered by a college or university in Minnesota, designed for persons seeking licensure as a peace officer, and approved by the board.

(h) "Railroad peace officer" means an individual as authorized under United States Code, title 49, section 28101:

(1) employed by a railroad for the purpose of aiding and supplementing law enforcement agencies in the protection of property owned by or in the care, custody, or control of a railroad and to protect the persons and property of railroad passengers and employees; and

(2) licensed by the board.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 14. **EXISTING DUTIES ABOLISHED; TRANSFERS PROVIDED.**

Subdivision 1. **Duties abolished.** Except as exempted in article 1, section 17, subdivision 6, paragraph (c), duties pertaining to the investigation of fraud, misuse, and other unlawful use of public funds in the Office of the Inspector General in the Department of Education are abolished effective the day after the inspector general appointed under Minnesota Statutes, chapter 15E, certifies in writing to the commissioner of education and the commissioner of management and budget that the inspector general has assumed responsibility for these duties.

Subd. 2. **Inspector general transfers.** When the commissioner of education's duties are abolished under subdivision 1, pursuant to Minnesota Statutes, section 15.039, all active investigations, obligations, court actions, contracts, and records shall transfer from the Department of Education to the inspector general appointed under Minnesota Statutes, chapter 15E, except as provided by the inspector general and as provided in article 1, section 17, subdivision 6, paragraph (c).

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 15. **REPEALER.**

Minnesota Statutes 2024, sections 13.321, subdivision 12; and 127A.21, subdivisions 1, 2, 3, 4, 6, and 7, are repealed.

EFFECTIVE DATE. This section is effective the day after the inspector general appointed under Minnesota Statutes, chapter 15E, notifies the revisor of statutes that the Office of the Inspector General under Minnesota Statutes, chapter 15E, has assumed responsibility for identifying and investigating fraud, misuse, and other unlawful use of public funds in the Department of Education."

Delete the title and insert:

"A bill for an act relating to state government; creating the Office of the Inspector General; creating an advisory committee; making conforming and technical changes; providing for interagency agreements; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 3.971, by adding a subdivision; 15A.0815, subdivision 2; 127A.21, subdivision 1a, by adding subdivisions; 142A.03, by adding a subdivision; 142A.12, subdivision 5; 144.05, by adding a subdivision; 245.095, subdivision 5; 256.01, by adding a subdivision; 609.456, subdivision 2; Minnesota Statutes 2025 Supplement, sections 10A.01, subdivision 35; 13.82, subdivision 1; 127A.21, subdivision 5; 626.84, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 15E; repealing Minnesota Statutes 2024, sections 13.321, subdivision 12; 127A.21, subdivisions 1, 2, 3, 4, 6, 7."

With the recommendation that when so amended the bill be re-referred to the Committee on Judiciary Finance and Civil Law.

The report was adopted.

Koegel and O'Driscoll from the Committee on Commerce Finance and Policy to which was referred:

S. F. No. 1750, A bill for an act relating to common interest communities; modifying powers and duties of common interest communities; modifying rights of a unit owner; modifying threshold for termination of a common interest community; establishing dispute resolution process; modifying notice of meetings; limiting late fees, fines, and attorney fees; modifying foreclosure requirements; establishing conflict of interest standards for board members; prohibiting local governments from requiring creation of homeowners associations; amending Minnesota Statutes 2024, sections 515B.1-102; 515B.1-103; 515B.2-103; 515B.2-119; 515B.3-102; 515B.3-103; 515B.3-106; 515B.3-107; 515B.3-108; 515B.3-115; 515B.3-1151; 515B.3-116; 515B.4-102; 515B.4-1021; 515B.4-116; Laws 2024, chapter 96, article 2, section 13; proposing coding for new law in Minnesota Statutes, chapter 515B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2024, section 515B.1-103, is amended to read:

515B.1-103 DEFINITIONS.

In the declaration and bylaws, unless specifically provided otherwise or the context otherwise requires, and in this chapter:

- (1) "Additional real estate" means real estate that may be added to a flexible common interest community.
- (2) "Affiliate of a declarant" means any person who controls, is controlled by, or is under common control with a declarant.

(A) A person "controls" a declarant if the person (i) is a general partner, officer, director, or employer of the declarant, (ii) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than 20 percent of the voting interest in the declarant, (iii) controls in any manner the election of a majority of the directors of the declarant, or (iv) has contributed more than 20 percent of the capital of the declarant.

(B) A person "is controlled by" a declarant if the declarant (i) is a general partner, officer, director, or employer of the person, (ii) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than 20 percent of the voting interest in the person, (iii) controls in any manner the election of a majority of the directors of the person, or (iv) has contributed more than 20 percent of the capital of the person.

(C) Control does not exist if the powers described in this subsection are held solely as a security interest and have not been exercised.

(3) "Allocated interests" means the following interests allocated to each unit: (i) in a condominium, the undivided interest in the common elements, the common expense liability, and votes in the association; (ii) in a cooperative, the common expense liability and the ownership interest and votes in the association; and (iii) in a planned community, the common expense liability and votes in the association.

(4) "Association" means the unit owners' association organized under section 515B.3-101.

(5) "Board" or "Board of Directors" means the body, regardless of name, designated in the articles of incorporation, bylaws or declaration to act on behalf of the association, or on behalf of a master association when so identified.

(6) "CIC plat" means a common interest community plat described in section 515B.2-110.

(7) "Common elements" means all portions of the common interest community other than the units.

(8) "Common expenses" means expenditures made or liabilities incurred by or on behalf of the association, or master association when so identified, together with any allocations to reserves.

(9) "Common expense liability" means the liability for common expenses allocated to each unit pursuant to section 515B.2-108.

(10) "Common interest community" or "CIC" means contiguous or noncontiguous real estate within Minnesota that is subject to an instrument which obligates persons owning a separately described parcel of the real estate, or occupying a part of the real estate pursuant to a proprietary lease, by reason of their ownership or occupancy, to pay for (i) real estate taxes levied against; (ii) insurance premiums payable with respect to; (iii) maintenance of; or (iv) construction, maintenance, repair or replacement of improvements located on, one or more parcels or parts of the real estate other than the parcel or part that the person owns or occupies. Real estate which satisfies the definition of a common interest community is a common interest community whether or not it is subject to this chapter. Real estate subject to a master declaration, regardless of when the master declaration was recorded, shall not collectively constitute a separate common interest community unless so stated in the master declaration.

(11) "Condominium" means a common interest community in which (i) portions of the real estate are designated as units, (ii) the remainder of the real estate is designated for common ownership solely by the owners of the units, and (iii) undivided interests in the common elements are vested in the unit owners.

(11a) "Construction defect claim" means a civil action or an arbitration proceeding based on any legal theory including, but not limited to, claims under chapter 327A for damages, indemnity, or contribution brought against a development party to assert a claim, counterclaim, cross-claim, or third-party claim for damages or loss to, or the loss of use of, real or personal property caused by a defect in the initial design or construction of an improvement to real property that is part of a common interest community, including an improvement that is constructed on additional real estate pursuant to section 515B.2-111. "Construction defect claim" does not include claims related to subsequent maintenance, repairs, alterations, or modifications to, or the addition of, improvements that are part of the common interest community, and that are contracted for by the association or a unit owner.

(12) "Conversion property" means real estate on which is located a building that at any time within two years before creation of the common interest community was occupied, in whole or in part, for (i) residential use or (ii) for residential rental purposes by persons other than purchasers and persons who occupy with the consent of purchasers.

(13) "Cooperative" means a common interest community in which the real estate is owned by an association, each of whose members is entitled to a proprietary lease by virtue of the member's ownership interest in the association.

(14) "Dealer" means a person in the business of selling units for the person's own account.

(15) "Declarant" means:

(i) if the common interest community has been created, (A) any person who has executed a declaration, or a supplemental declaration or amendment to a declaration adding additional real estate, except secured parties, a spouse holding only an inchoate interest, persons whose interests in the real estate will not be transferred to unit owners, or, in the case of a leasehold common interest community, a lessor who possesses no special declarant rights and who is not an affiliate of a declarant who possesses special declarant rights, or (B) any person who reserves, or succeeds under section 515B.3-104 to any special declarant rights;

(ii) any person or persons acting in concert who have offered prior to creation of the common interest community to transfer their interest in a unit to be created and not previously transferred; or

(iii) if (A) a unit has been restricted to nonresidential use and sold to a purchaser who has agreed to modify or waive, in whole or in part, sections 515B.4-101 to 515B.4-118, and (B) the restriction expires or is modified or terminated such that residential use of the unit is permitted, the unit owner at the time the restriction expires or is so modified or terminated is a declarant with respect to that unit and any improvements subject to use rights by a purchaser of the unit.

(16) "Declaration" means any instrument, however denominated, that creates a common interest community.

(16a) "Development party" means an architect, contractor, construction manager, subcontractor, developer, declarant, engineer, or private inspector performing or furnishing the design, supervision, inspection, construction, coordination, or observation of the construction of any improvement to real property that is part of a common interest community, or any of the person's affiliates, officers, directors, shareholders, members, or employees.

(17) "Dispose" or "disposition" means a voluntary transfer to a purchaser of any legal or equitable interest in the common interest community, but the term does not include the transfer or release of a security interest.

(17a) "First mortgage" means either (i) if there is only one mortgage encumbering title to a unit, that mortgage, or (ii) if there are multiple mortgages encumbering title to a unit, the mortgage that is first in priority, whether by operation of applicable law or by a properly recorded agreement.

(17b) "First mortgagee" means the holder of a first mortgage.

(18) "Flexible common interest community" means a common interest community to which additional real estate may be added.

(18a) "Governing documents" means the declaration, articles of incorporation, bylaws, and rules and regulations of an association as amended.

(19) "Leasehold common interest community" means a common interest community in which all or a portion of the real estate is subject to a lease the expiration or termination of which will terminate the common interest community or reduce its size.

(20) "Limited common element" means a portion of the common elements allocated by the declaration or by operation of section 515B.2-109(c) or (d) for the exclusive use of one or more but fewer than all of the units.

(21) "Master association" means an entity created on or after June 1, 1994, that directly or indirectly exercises any of the powers set forth in section 515B.3-102 on behalf of one or more members described in section 515B.2-121(b), (i), (ii) or (iii), whether or not it also exercises those powers on behalf of one or more property owners' associations described in section 515B.2-121(b)(iv). A person (i) hired by an association to perform maintenance, repair, accounting, bookkeeping or management services, or (ii) granted authority under an instrument recorded primarily for the purpose of creating rights or obligations with respect to utilities, access, drainage, or recreational amenities, is not, solely by reason of that relationship, a master association.

(22) "Master declaration" means a written instrument, however named, (i) recorded on or after June 1, 1994, and (ii) complying with section 515B.2-121, subsection (e).

(23) "Master developer" means a person who is designated in the master declaration as a master developer or, in the absence of such a designation, the owner or owners of the real estate subject to the master declaration at the time the master declaration is recorded, except (i) secured parties and (ii) a spouse holding only an inchoate interest. A master developer is not a declarant unless the master declaration states that the real estate subject to the master declaration collectively is or collectively will be a separate common interest community.

(24) "Period of declarant control" means the time period provided for in section 515B.3-103(c) during which the declarant may appoint and remove officers and directors of the association.

(25) "Person" means an individual, corporation, limited liability company, partnership, trustee under a trust, personal representative, guardian, conservator, government, governmental subdivision or agency, or other legal or commercial entity capable of holding title to real estate.

(26) "Planned community" means a common interest community that is not a condominium or a cooperative. A condominium or cooperative may be a part of a planned community.

(26a) "Property manager" means a person with whom the association contracts to perform management services and includes, without limitation, the property manager's employees and agents.

(27) "Proprietary lease" means an agreement with a cooperative association whereby a member of the association is entitled to exclusive possession of a unit in the cooperative.

(28) "Purchaser" means a person, other than a declarant, who by means of a voluntary transfer acquires a legal or equitable interest in a unit other than (i) a leasehold interest of less than 20 years, including renewal options, or (ii) a security interest.

(29) "Real estate" means any fee simple, leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements and interests that by custom, usage, or law pass with a conveyance of land though not described in the contract of sale or instrument of conveyance. "Real estate" may include spaces with or without upper or lower boundaries, or spaces without physical boundaries.

(30) "Residential use" means use as a dwelling, whether primary, secondary or seasonal, but not (i) transient use such as hotels or motels, (ii) use for residential rental purposes if the individual dwellings are not separate units or if the individual dwellings are not located on separate parcels of real estate. For purposes of this chapter, a unit is restricted to nonresidential use if the unit is subject to a restriction that prohibits residential use as defined in this section whether or not the restriction also prohibits the uses described in this paragraph.

(31) "Secured party" means the person owning a security interest as defined in paragraph (32).

(32) "Security interest" means a perfected interest in real estate or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a mortgagee's interest in a mortgage, a vendor's interest in a contract for deed, a lessor's interest in a lease intended as security, a holder's interest in a sheriff's certificate of sale during the period of redemption, an assignee's interest in an assignment of leases or rents intended as security, in a cooperative, a lender's interest in a member's ownership interest in the association, a pledgee's interest in the pledge of an ownership interest, or any other interest intended as security for an obligation under a written agreement.

(33a) This definition of special declarant rights applies only to common interest communities created before August 1, 2010. "Special declarant rights" means rights reserved in the declaration for the benefit of a declarant to:

(i) complete improvements indicated on the CIC plat, planned by the declarant consistent with the disclosure statement or authorized by the municipality in which the CIC is located;

(ii) add additional real estate to a common interest community;

(iii) subdivide or combine units, or convert units into common elements, limited common elements, or units;

(iv) maintain sales offices, management offices, signs advertising the common interest community, and models;

(v) use easements through the common elements for the purpose of making improvements within the common interest community or any additional real estate;

(vi) create a master association and provide for the exercise of authority by the master association over the common interest community or its unit owners;

(vii) merge or consolidate a common interest community with another common interest community of the same form of ownership; or

(viii) appoint or remove any officer or director of the association, or the master association where applicable, during any period of declarant control.

(33b) This definition of special declarant rights applies only to common interest communities created on or after August 1, 2010. "Special declarant rights" means rights reserved in the declaration for the benefit of a declarant and expressly identified in the declaration as special declarant rights. Such special declarant rights may include but are not limited to the following:

(i) to complete improvements indicated on the CIC plat, planned by the declarant consistent with the disclosure statement or authorized by the municipality in which the common interest community is located, and to have and use easements for itself and its employees, agents, and contractors through the common elements for such purposes;

(ii) to add additional real estate to a common interest community;

(iii) to subdivide or combine units, or convert units into common elements, limited common elements and/or units, pursuant to section 515B.2-112;

(iv) to maintain and use sales offices, management offices, signs advertising the common interest community, and models, and to have and use easements for itself and its employees, agents, and invitees through the common elements for such purposes;

(v) to appoint or remove any officer or director of the association during any period of declarant control;

(vi) to utilize an alternate common expense plan as provided in section 515B.3-115(a)(2);

(vii) to grant common element licenses as provided in section 515B.2-109(e); or

(viii) to review, and approve or disapprove, the exterior design, materials, size, site location, and other exterior features of buildings and other structures, landscaping and other exterior improvements, located within the common interest community, and any modifications or alterations thereto.

Special declarant rights shall not be reserved or utilized for the purpose of evading any limitation or obligation imposed on declarants by this chapter.

(34) "Time share" means a right to occupy a unit or any of several units during three or more separate time periods over a period of at least three years, including renewal options, whether or not coupled with a fee title interest in the common interest community or a specified portion thereof.

(35) "Unit" means a portion of a common interest community the boundaries of which are described in the common interest community's declaration and which is intended for separate ownership, or separate occupancy pursuant to a proprietary lease.

(36) "Unit identifier" means English letters or Arabic numerals, or a combination thereof, which identify only one unit in a common interest community and which meet the requirements of section 515B.2-104.

(37) "Unit owner" means a declarant or other person who owns a unit, a lessee under a proprietary lease, or a lessee of a unit in a leasehold common interest community whose lease expires simultaneously with any lease the expiration or termination of which will remove the unit from the common interest community, but does not include a secured party. In a common interest community, the declarant is the unit owner of a unit until that unit has been conveyed to another person.

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

Sec. 2. Minnesota Statutes 2024, section 515B.2-119, is amended to read:

515B.2-119 TERMINATION OF COMMON INTEREST COMMUNITY.

(a) Except as otherwise provided in this chapter, a common interest community may be terminated as follows:

(1) if a common interest community consists entirely of detached, single-family dwellings that does not include any common elements and the association has no maintenance obligations for any building that contains a dwelling, the common interest community may be terminated only by the written agreement of unit owners of units to which at least 67 percent of the votes in the association are allocated, provided that agreement shall be deemed to have been provided by any unit owner who has not otherwise indicated a preference and whose written refusal to agree is not received by the association within 60 days after the association has provided notice of the proposed termination by certified United States mail, postage prepaid, and return receipt requested. Termination of the common interest community does not relieve the association of its obligations under any contract other than the declaration; or

(2) a common interest community not subject to clause (1) may be terminated only by agreement of unit owners of units to which at least 80 percent of the votes in the association are allocated, and 80 percent of the first mortgagees of units (each mortgagee having one vote per unit financed), or any larger percentage the declaration specifies. The declaration may specify a smaller percentage only if all of the units are restricted to nonresidential use.

(b) An agreement to terminate shall be evidenced by a written agreement, executed in the same manner as a deed by the number of unit owners and first mortgagees of units required by subsection (a). The agreement shall specify a date after which the agreement shall be void unless recorded before that date. The agreement shall also specify a date by which the termination of the common interest community and the winding up of its affairs must be accomplished. A certificate of termination executed by the association evidencing the termination shall be recorded on or before the termination date, or the agreement to terminate shall be revoked. The agreement to terminate, or a memorandum thereof, and the certificate of termination shall be recorded in every county in which a portion of the common interest community is situated and is effective only upon recording.

(c) In the case of a condominium or planned community containing only units having upper and lower boundaries, a termination agreement may provide that all of the common elements and units of the common interest community must be sold following termination. If, pursuant to the agreement, any real estate in the common interest community is to be sold following termination, the termination agreement shall set forth the minimum terms of sale acceptable to the association.

(d) In the case of a condominium or planned community containing any units not having upper and lower boundaries, a termination agreement may provide for sale of the common elements, but it may not require that the units be sold following termination, unless the original declaration provided otherwise or all unit owners whose units are to be sold consent to the sale. If, pursuant to the agreement, any real estate in the common interest community is to be sold following termination, the termination agreement shall set forth the minimum terms of sale acceptable to the association.

(e) The association, on behalf of the unit owners, shall have authority to contract for the sale of real estate in a common interest community pursuant to this section, subject to the required approval. The agreement to terminate shall be deemed to grant to the association a power of attorney coupled with an interest to effect the conveyance of the real estate on behalf of the holders of all interests in the units, including without limitation the power to execute all instruments of conveyance and related instruments. Until the sale has been completed, all instruments in connection with the sale have been executed and the sale proceeds distributed, the association shall continue in existence with all powers it had before termination.

(1) The instrument conveying or creating the interest in the common interest community shall include as exhibits (i) an affidavit of the secretary of the association certifying that the approval required by this section has been obtained and (ii) a schedule of the names of all unit owners in the common interest community as of the date of the approval.

(2) Proceeds of the sale shall be distributed to unit owners and secured parties as their interests may appear, in accordance with subsections (h), (i), (j), and (k).

(3) Unless otherwise specified in the agreement of termination, until the association has conveyed title to the real estate, each unit owner and the unit owner's successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted the unit. During the period of that occupancy, each unit owner and the unit owner's successors in interest remain liable for all assessments and other obligations imposed on unit owners by this chapter, the declaration or the bylaws.

(f) The legal description of the real estate constituting the common interest community shall, upon the date of recording of the certificate of termination referred to in subsection (b), be as follows:

(1) In a planned community utilizing a CIC plat complying with section 515B.2-110(d)(1) and (2), the lot and block description contained in the CIC plat, and any amendments thereto, subject to any subsequent conveyance or taking of a fee interest in any part of the property.

(2) In a condominium or cooperative, or a planned community utilizing a CIC plat complying with section 515B.2-110(c), the underlying legal description of the real estate as set forth in the declaration creating the common interest community, and any amendments thereto, subject to any subsequent conveyance or taking of a fee interest in any part of the property.

(3) The legal description referred to in this subsection shall apply upon the recording of the certificate of termination. The recording officer for each county in which the common interest community is located shall index the property located in that county in its records under the legal description required by this subsection from and after the date of recording of the certificate of termination. In the case of registered property, the registrar of titles shall cancel the existing certificates of title with respect to the property and issue one or more certificates of title for the property utilizing the legal description required by this subsection.

(g) In a condominium or planned community, if the agreement to terminate provides that the real estate constituting the common interest community is not to be sold following termination, title to the common elements and, in a common interest community containing only units having upper and lower boundaries described in the declaration, title to all the real estate in the common interest community, vests in the unit owners upon termination as tenants in common in proportion to their respective interest as provided in subsection (k), and liens on the units shift accordingly. While the tenancy in common exists, each unit owner and the unit owner's successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted the unit.

(h) The proceeds of any sale of real estate pursuant to subsection (e), together with the assets of the association, shall be held by the association as trustee for unit owners, secured parties and other holders of liens on the units as their interests may appear. Before distributing any proceeds, the association shall have authority to deduct from the proceeds of sale due with respect to the unit (i) unpaid assessments levied by the association with respect to the unit, (ii) unpaid real estate taxes or special assessments due with respect to the unit, and (iii) the share of expenses of sale and winding up of the association's affairs with respect to the unit.

(i) Following termination of a condominium or planned community, creditors of the association holding liens on the units perfected before termination may enforce those liens in the same manner as any lienholder, in order of priority based upon their times of perfection. All other creditors of the association are to be treated as if they had perfected liens on the units immediately before termination.

(j) In a cooperative, the declaration may provide that all creditors of the association have priority over any interests of unit owners and creditors of unit owners. In that event, following termination, creditors of the association holding liens on the cooperative which were perfected before termination may enforce their liens in the same manner as any lienholder, in order of priority based upon their times of perfection. All other creditors of the association shall be treated as if they had perfected a lien against the cooperative immediately before termination. Unless the declaration provides that all creditors of the association have that priority:

(1) the lien of each creditor of the association which was perfected against the association before termination becomes, upon termination, a lien against each unit owner's interest in the unit as of the date the lien was perfected;

(2) any other creditor of the association is to be treated upon termination as if the creditor had perfected a lien against each unit owner's interest immediately before termination;

(3) the amount of the lien of an association's creditor described in paragraphs (1) and (2) against each of the unit owners' interest shall be proportionate to the ratio which each unit's common expense liability bears to the common expense liability of all of the units;

(4) the lien of each creditor of each unit owner which was perfected before termination continues as a lien against that unit owner's interest in the unit as of the date the lien was perfected; and

(5) the assets of the association shall be distributed to all unit owners and all lienholders as their interests may appear in the order described in this section. Creditors of the association are not entitled to payment from any unit owner in excess of the amount of the creditor's lien against that unit owner's interest.

(k) The respective interest of unit owners referred to in subsections (e), (f), (g), (h) and (i) are as follows:

(1) Except as provided in paragraph (2), the respective interests of unit owners are the fair market values of their units, allocated interests, and any limited common elements immediately before the termination, as determined by one or more independent appraisers selected by the association. The decision of the independent appraisers must be distributed to the unit owners and becomes final unless disapproved within 30 days after distribution by unit owners of units to which 25 percent of the votes in the association are allocated. The proportion of any unit's interest to that of all units is determined by dividing the fair market value of that unit by the total fair market values of all the units.

(2) If any unit or any limited common element is destroyed to the extent that an appraisal of the fair market value thereof before destruction cannot be made, the interests of all unit owners shall be measured by: (i) in a condominium, their allocations of common element interests immediately before the termination, (ii) in a cooperative, their respective ownership interests immediately before the termination, and (iii) in a planned community, their respective allocations of common expenses immediately before the termination.

(l) In a condominium or planned community, except as provided in subsection (m), foreclosure or enforcement of a lien or encumbrance against the entire common interest community does not terminate, of itself, the common interest community, and foreclosure or enforcement of a lien or encumbrance against a portion of the common interest community does not withdraw that portion from the common interest community.

(m) In a condominium or planned community, if a lien or encumbrance against a portion of the real estate comprising the common interest community has priority over the declaration and the lien or encumbrance has not been partially released, the parties foreclosing the lien or encumbrance, upon foreclosure, may record an instrument excluding the real estate subject to that lien or encumbrance from the common interest community.

(n) Following the termination of a common interest community in accordance with this section, the association shall be dissolved in accordance with law.

EFFECTIVE DATE. This section is effective January 1, 2027, and applies to all terminations under this section initiated on or after that date.

Sec. 3. Minnesota Statutes 2024, section 515B.3-102, is amended to read:

515B.3-102 POWERS AND DUTIES OF UNIT OWNERS' ASSOCIATION.

(a) Except as provided in subsections (b), (c), (d), (e), and (f) and subject to the provisions of the declaration or bylaws, the association shall have the power to:

(1) adopt, amend and revoke rules and regulations not inconsistent with the articles of incorporation, bylaws and declaration, as follows: (i) regulating the use of the common elements; (ii) regulating the use of the units, and conduct of unit occupants, which may jeopardize the health, safety or welfare of other occupants, which involves noise or other disturbing activity, or which may damage the common elements or other units; (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the common elements and conduct which may

damage the common interest community; (v) regulating the exterior appearance of the common interest community, including, for example, balconies and patios, window treatments, and signs and other displays, regardless of whether inside a unit; (vi) implementing the articles of incorporation, declaration and bylaws, and exercising the powers granted by this section; and (vii) otherwise facilitating the operation of the common interest community. Rules and regulations adopted must be reasonable. An association must give unit owners no less than 21 days before the association votes to adopt, amend, or revoke a rule or regulation to review and comment on the proposed change. An association may adopt a temporary rule without notice in exigent circumstances, provided the board acts as soon as practicable to give the requisite notice to unit owners to adopt the rule permanently. Nothing in this chapter prevents the unit owners from asking the board to adopt, amend, or revoke a rule or regulation;

(2) adopt and amend budgets for revenues, expenditures and reserves, and levy and collect assessments for common expenses from unit owners;

(3) hire and discharge managing agents and other employees, agents, and independent contractors;

(4) institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more unit owners on matters affecting the common elements or other matters affecting the common interest community or, (ii) with the consent of the owners of the affected units on matters affecting only those units;

(5) make contracts and incur liabilities;

(6) regulate the use, maintenance, repair, replacement, and modification of the common elements and the units;

(7) cause improvements to be made as a part of the common elements, and, in the case of a cooperative, the units;

(8) acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property, but (i) common elements in a condominium or planned community may be conveyed or subjected to a security interest only pursuant to section 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative may be subjected to a security interest, only pursuant to section 515B.3-112;

(9) grant or amend easements for public utilities, public rights-of-way or other public purposes, and cable television or other communications, through, over or under the common elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized by the declaration; and, subject to approval by a vote of unit owners other than declarant or its affiliates, grant or amend other easements, leases, and licenses through, over or under the common elements;

(10) impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements, other than limited common elements, and for services provided to unit owners;

(11) ~~impose interest and late charges for late payment of assessments and, after notice and an opportunity to be heard before the board or a committee appointed by it, levy reasonable fines for violations of the declaration, bylaws, and rules and regulations of the association, provided that attorney fees and costs must not be charged or collected from a unit owner who disputes a fine or assessment and, if after the homeowner requests a hearing and a hearing is held by the board or a committee of the board, the board does not adopt a resolution levying the fine or upholding the assessment against the unit owner or owner's unit; unless the board proposes, and the association's members approve, a greater amount at an annual meeting, impose a fine not to exceed \$100 for a single violation of the declaration, bylaws, and rules and regulations, except the association may impose a fine greater than \$100 for a subsequent violation for the same conduct, or if the violation:~~

(i) has a serious and immediate impact on a resident's health or safety;

(ii) causes physical damage to another unit or a common element; or

(iii) involves using the property for financial enrichment, including renting or offering for rent a unit in violation of the declaration, bylaws, or a rule or regulation prohibiting short-term or long-term rentals.

A unit owner, after receiving notice of a violation or a notice of an assessment, has the opportunity to be heard before the board or a committee appointed by it to contest the fine or assessment. A unit owner, within 30 days after receipt of the notice, must request a hearing, unless the declaration provides for a different period. The unit owner has the right to be represented by an attorney or a designated representative. If a hearing is requested by a unit owner, attorney fees and costs must not be charged or collected from a unit owner unless the hearing is held and the board or committee adopts a resolution upholding the fine or assessment against the unit owner or owner's unit. The association must provide a copy of the resolution, which must contain the rationale for upholding the fine or assessment, to the unit owner within 30 days of adoption.

If the association's governing documents authorize the association to impose fines for violations of the governing documents, an association must adopt a schedule of fines for potential violations of the governing documents and must provide a description of the remedies available to the association. The association must provide the schedule and description to every unit owner in any reasonable manner, including but not limited to electronic mailing or posting on the association's website, including when a unit owner purchases a unit or when the schedule is amended by the association;

(12) impose reasonable charges for the review, preparation and recordation of amendments to the declaration; or resale certificates required by section 515B.4-107, ~~statements of unpaid assessments~~, or furnishing copies of association records;

(13) provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance;

(14) provide for reasonable procedures governing the conduct of meetings and election of directors;

(15) exercise any other powers conferred by law, or by the declaration, articles of incorporation or bylaws; ~~and~~

(16) exercise any other powers necessary and proper for the governance and operation of the association;

(17) impose interest only on delinquent assessments for common expenses or special assessments not to exceed eight percent; and

(18) impose a fee for late payment of common expenses and special assessments not to exceed the greater of \$20 or five percent of the amount owed.

(b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations on the power of the association to deal with the declarant which are more restrictive than the limitations imposed on the power of the association to deal with other persons.

(c) An association that levies a fine pursuant to subsection (a)(11), or an assessment pursuant to section 515B.3-115(g), or 515B.3-1151(g), must provide a dated, written notice to a unit owner that:

(1) states the amount and reason for the fine or assessment;

(2) for fines levied under section 515B.3-102(a)(11), specifies: (i) the violation for which a fine is being levied and the date of the levy; and (ii) the specific section of the declaration, bylaws, rules, or regulations allegedly violated;

(3) for assessments levied under section 515B.3-115(g) or 515B.3-1151(g), identifies: (i) the damage caused; and (ii) the act or omission alleged to have caused the damage;

(4) states that ~~all~~ unpaid fines for certain violations subject to section 515B.3-116, subsection (h), and all assessments are liens which, if not satisfied, could lead to foreclosure of the lien against the owner's unit;

(5) describes the unit owner's right to be heard by the board or a committee appointed by the board and the steps a unit owner must take to schedule the hearing;

(6) states that if the assessment, fine, late fees, and other allowable charges are not paid, the amount may increase as a result of the imposition of attorney fees and other collection costs; and

(7) informs the unit owner that homeownership assistance is available from the Minnesota Homeownership Center and dispute resolution and other information services are available from the common interest community ombudsperson.

(d) Notwithstanding subsection (a), powers exercised under this section must comply with sections 500.215, 500.216, and 500.217.

(e) Notwithstanding subsection (a)(4) or any other provision of this chapter, the association, before instituting litigation or arbitration involving construction defect claims against a development party, shall:

(1) mail or deliver written notice of the anticipated commencement of the action to each unit owner at the addresses, if any, established for notices to owners in the declaration and, if the declaration does not state how notices are to be given to owners, to the owner's last known address. The notice shall specify the nature of the construction defect claims to be alleged, the relief sought, and the manner in which the association proposes to fund the cost of pursuing the construction defect claims; and

(2) obtain the approval of owners of units to which a majority of the total votes in the association are allocated. Votes allocated to units owned by the declarant, an affiliate of the declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale are excluded. The association may obtain the required approval by a vote at an annual or special meeting of the members or, if authorized by the statute under which the association is created and taken in compliance with that statute, by a vote of the members taken by electronic means or mailed ballots. If the association holds a meeting and voting by electronic means or mailed ballots is authorized by that statute, the association shall also provide for voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means or mailed ballots, except that the votes must be used in combination with the vote taken at a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered for purposes of determining whether a quorum was present. Proxies may not be used for a vote taken under this paragraph unless the unit owner executes the proxy after receipt of the notice required under subsection (e)(1) and the proxy expressly references this notice.

(f) The association may intervene in a litigation or arbitration involving a construction defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party claim before complying with subsections (e)(1) and (e)(2) but the association's complaint in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without prejudice unless the association has complied with the requirements of subsection (e) within 90 days of the association's commencement of the complaint in an intervention or the assertion of the counterclaim, crossclaim, or third-party claim.

(g) Unless otherwise agreed to by the affected unit owner and the association, a payment made by a unit owner must be applied to assessments for common expenses and special assessments first before it is applied to any other fines, fees, or assessments owed by the unit owner. An association shall consider offering a reasonable payment plan for a delinquency.

(h) A board must allow a unit owner to present or have the unit owner's attorney or other designated representative, present orally or in writing, a grievance to the board or a committee appointed by the board on a matter other than a fine governed under subsection (a)(11), or an application to alter a unit under section 515B.3-107, subsection (e). The board must make a good faith effort to resolve the grievance or, if resolution is not achieved, refer the unit owner to the common interest community ombudsperson. An association may not impose any fees or charges on the unit owner for making the presentation.

EFFECTIVE DATE. This section is effective January 1, 2027, and applies to action taken by an association on or after that date.

Sec. 4. Minnesota Statutes 2024, section 515B.3-103, is amended to read:

515B.3-103 BOARD OF DIRECTORS, OFFICERS AND DECLARANT CONTROL.

(a) An association shall be governed by a board of directors whose appointment or election shall occur no later than the date of creation of the common interest community and shall be reflected in the association's records. Except as expressly prohibited by the declaration, the articles of incorporation, bylaws, subsection (b), or other provisions of this chapter, the board may act in all instances on behalf of the association. In the performance of their duties, the officers and directors are required to exercise (i) if appointed by the declarant, the care required of fiduciaries of the unit owners and (ii) if elected by the unit owners, the care required of a director by section 302A.251, 308B.455, 308C.455, or 317A.251, as applicable. The officers and directors appointed by the declarant shall have a duty to fulfill, and to cause the association to fulfill, their respective obligations under the declaration, bylaws, articles of incorporation, and this chapter and to enforce the provisions of the declaration, bylaws, articles of incorporation, and this chapter against all unit owners, including the declarant and its affiliates, in a uniform and fair manner. The standards of conduct for officers and directors set forth in this subsection shall also apply to the officers and directors of master associations in the exercise of their duties on behalf of the master association.

(b) The board may not act unilaterally to amend the declaration, to terminate the common interest community, to elect directors to the board, or to determine the qualifications, powers and duties, or terms of office of directors, but the board may fill vacancies in its membership created other than by removal by the vote of the association members for the unexpired portion of any term.

(c) The declaration may provide for a period of declarant control of the association, during which a declarant, or persons designated by the declarant, may appoint and remove the officers and directors of the association. The period of declarant control begins on the date of creation of the common interest community and terminates upon the earliest of the following events: (i) five years after the date of the first conveyance of a unit to a unit owner other than a declarant in the case of a flexible common interest community or three years in the case of any other common interest community, (ii) the declarant's voluntary surrender of control by giving written notice to the unit owners pursuant to section 515B.1-115, or (iii) the conveyance of 75 percent of the units to unit owners other than a declarant.

(d) The board shall cause a meeting of the unit owners to be called, as follows:

(1) If the period of declarant control has terminated pursuant to subsection (c), a meeting of the unit owners shall be called and held within 60 days after said termination, at which the board shall be appointed or elected by all unit owners, including declarant, subject to the requirements of subsection (e).

(2) If 50 percent of the units that a declarant is authorized by the declaration to create have been conveyed prior to the termination of the declarant control period, a meeting of the unit owners shall be called and held within 60 days thereafter, at which not less than 33-1/3 percent of the members of the board shall be elected by unit owners other than a declarant or an affiliate of a declarant.

(3) If the board fails or refuses to cause a meeting of the unit owners required to be called pursuant to subsection (d), then the unit owners other than a declarant and its affiliates may cause the meeting to be called pursuant to the applicable provisions of the law under which the association was created. The declarant and its affiliates shall be deemed to be present at the meeting for purposes of establishing a quorum regardless of their failure to attend the meeting.

(e) Following the termination of any period of declarant control, the unit owners shall appoint or elect the board. All unit owners, including the declarant and its affiliates, may cast the votes allocated to any units owned by them. The board shall thereafter be subject to the following:

(1) Unless otherwise approved by a vote of unit owners other than the declarant or an affiliate of the declarant, a majority of the directors shall be unit owners or a natural person designated by a unit owner that is not a natural person, other than a declarant or an affiliate of a declarant. The remaining directors need not be unit owners unless required by the articles of incorporation or bylaws.

(2) Subject to the requirements of subsection (e)(1), the articles of incorporation or bylaws may authorize the declarant or a person designated by the declarant to appoint one director, who need not be a member. The articles of incorporation or bylaws shall not be amended to change or terminate the authorization to appoint one director without the written consent of the declarant or other person possessing the power to appoint.

(3) Subject to the requirements of subsection (e)(1), the articles of incorporation or bylaws may authorize special classes of directors and director voting rights, as follows: (i) classes of directors, (ii) the appointment or election of directors in certain classes by certain classes of members, or (iii) class voting by classes of directors on issues affecting only a certain class or classes of members, units, or other parcels of real estate, or to otherwise protect the legitimate interest of such class or classes. No person may utilize such special classes or class voting for the purpose of evading any limitation imposed on declarants by this chapter. If an association's governing documents provide for the election of directors, then elections of directors must occur regularly and each term of a director must not exceed three years, provided there is no limit on the number of terms a director may serve, and, unless expressly prohibited by the governing documents, the election of directors must be staggered.

(4) The board shall elect the officers. The directors and officers shall take office upon election.

(f) In determining whether the period of declarant control has terminated under subsection (c), or whether unit owners other than a declarant are entitled to elect members of the board of directors under subsection (d), the percentage of the units conveyed shall be calculated using as a numerator the number of units conveyed and as a denominator the number of units subject to the declaration plus the number of units which the declarant is authorized by the declaration to create on any additional real estate. The percentages referred to in subsections (c) and (d) shall be calculated without reference to units that are auxiliary to other units, such as garage units or storage units. A person shall not use a master association or other device to evade the requirements of this section.

(g) Except as otherwise provided in this subsection, all meetings of the board of directors must be open to the unit owners. ~~To the extent practicable,~~ The board shall give reasonable notice to the unit owners of the date, time, and place of a board meeting. The board must make the meeting agenda, and contracts or other documents the board intends to approve or disapprove at the board meeting, available to unit owners in any reasonable manner, including but not limited to electronic mailing or posting on the association's website. If the date, time, and place of meetings are provided for in the declaration, articles, or bylaws, announced at a previous meeting of the board,

posted in a location accessible to the unit owners and designated by the board from time to time, or if an emergency requires immediate consideration of a matter by the board, notice is not required. "Notice" has the meaning given in section 317A.011, subdivision 14. At any board meeting open to unit owners before action is taken on an agenda item, a unit owner, or a person designated in writing by the owner, must be permitted to speak at a time designated by the board on an agenda item. To the extent known, a unit owner must make a good faith attempt to notify the board in advance of the owner's intent to speak on an agenda item at the meeting. Nothing prohibits a unit owner from requesting that an item be added to the agenda or providing a written comment to the board in advance of the meeting. The board may place a reasonable limit on the time a member is allowed to speak and may, after a warning by the chair of the meeting, expel any person who disrupts the meeting or causes a disturbance. A board may not impose a fine for exercising the right to speak or provide a written statement, but may impose a fine if a person the board has expelled refuses to leave the meeting. Meetings may be closed to discuss the following:

(1) personnel matters;

(2) pending or potential litigation, arbitration or other potentially adversarial proceedings, between unit owners, between the board or association and unit owners, or other matters in which any unit owner may have an adversarial interest, if the board determines that closing the meeting is necessary to discuss strategy or to otherwise protect the position of the board or association or the privacy of a unit owner or occupant of a unit; or

(3) criminal activity arising within the common interest community if the board determines that closing the meeting is necessary to protect the privacy of the victim or that opening the meeting would jeopardize investigation of the activity.

Nothing in this subsection imposes a duty on the board to provide special facilities for meetings. The failure to give notice as required by this subsection shall not invalidate the board meeting or any action taken at the meeting. The minutes of any part of a meeting that is closed under this subsection may be kept confidential at the discretion of the board. In addition to conflict of interest provisions set forth in the statute under which the association was organized, the following standards apply to elected boards:

(1) a board member must not participate in deliberations regarding or vote on the approval or disapproval of a contract to which the association is or may be a party where the board member or a member of the family of a board member has a material financial interest in the contract or is likely to realize a material financial gain as a result of entering into the contract. For the purposes of this section, "member of the family" has the meaning given in section 317A.255, subdivision 4;

(2) a board member or property manager must not solicit or accept any money or other compensation from any person as an inducement for the board member to vote in favor of the approval of a contract for property maintenance, construction, repair, or reconstruction services that is binding on the association. If an association has authorized a property manager to enter into contracts on behalf of the association, the property manager must not solicit or accept any money or other compensation from any person as an inducement to the property manager to enter into a contract for property maintenance, construction, repair, or reconstruction services that is binding on the association; and

(3) prior to entering into any contract for property maintenance, construction, repair, or reconstruction services with an estimated cost exceeding \$50,000, the board or property managers must solicit a minimum of three written competitive bids. All bids from a person affiliated with a board member, a member of the family of a board member, a property manager, or any member of the family of a property manager or employee must be disclosed prior to consideration or a vote on the bids. A written record of the disclosures must be retained and recorded in the meeting minutes.

(h) The board must review all bids and select a vendor based on reasonable business criteria, including but not limited to, the cost of the project, the contractor's qualifications, available warranties, the extent to which the bidder has met the bid solicitation requirements, and the length of time estimated to complete the project.

(i) An association is not obligated to comply with the bidding requirements of this subsection if:

(1) multiple bids cannot be obtained despite reasonable efforts;

(2) emergency repairs are required to protect the health or safety of the unit owners;

(3) there has been significant damage to the property that must be addressed without delay to prevent further damage to the property;

(4) the work is covered by a warranty;

(5) the vendor is the only available vendor capable of providing the required goods or services; or

(6) the cost of materials does not exceed \$50,000 and labor is performed at no charge by volunteers.

(j) The association must maintain a record of the bid selection process and the contracts awarded. The records must be made available for inspection for a period of six years. At a minimum the record should include:

(1) the purpose of the contract;

(2) the amount of each bid proposal;

(3) the amount of the final contract;

(4) the name and address of the contractor who was awarded the contract; and

(5) if applicable, the criteria used to select the bid.

A person who requests a copy of these records may be charged a reasonable fee to copy the materials.

(k) A property management company contract entered into by a declarant shall terminate no later than 12 months after the declarant control period has ended. A property management contract entered into by a board elected by the unit owners may be terminated by the board, with or without cause, upon three months' notice.

EFFECTIVE DATE. This section is effective January 1, 2027, and applies to all association activities on or after that date.

Sec. 5. Minnesota Statutes 2024, section 515B.3-106, is amended to read:

515B.3-106 BYLAWS; ANNUAL REPORT.

(a) A common interest community shall have bylaws which comply with this chapter and the statute under which the association is incorporated. The bylaws and any amendments may be recorded, but need not be recorded to be effective unless so provided in the bylaws.

(b) The bylaws shall provide that, in addition to any statutory requirements:

(1) A meeting of the members shall be held at least once each year, and a specified officer of the association shall give notice of the meeting as provided in section 515B.3-108.

(2) An annual report shall be prepared by the association and a copy of the report shall be provided to each unit owner at or prior to the annual meeting.

(c) The annual report shall contain at a minimum:

(1) a statement of any capital expenditures in excess of two percent of the current budget or \$5,000, whichever is greater, approved by the association for the current fiscal year or succeeding two fiscal years;

(2) a statement of the association's total replacement reserves, the components of the common interest community for which the reserves are set aside, and the amounts of the reserves, if any, that the board has allocated for the replacement of each of those components;

(3) a copy of the statement of revenues and expenses for the association's last fiscal year, and a balance sheet as of the end of said fiscal year;

(4) a statement of the status of any pending litigation or judgments to which the association is a party;

(5) a detailed description of the insurance coverage provided by the association including a statement as to which, if any, of the items referred to in section 515B.3-113, subsection (b), are insured by the association and the amount of the association's deductible and the following notice: "IF THE ASSOCIATION LEVIES A LOSS ASSESSMENT, THE UNIT OWNER IS PERSONALLY RESPONSIBLE FOR PAYING IT, EVEN IF THE UNIT OWNER DOES NOT HAVE APPROPRIATE INSURANCE COVERAGE"; and

(6) a statement of the total past due assessments on all units, current as of not more than 60 days prior to the date of the meeting.

Sec. 6. Minnesota Statutes 2024, section 515B.3-107, is amended to read:

515B.3-107 UPKEEP OF COMMON INTEREST COMMUNITY.

(a) Except to the extent provided by the declaration, this subsection or section 515B.3-113, the association is responsible for the maintenance, repair and replacement of the common elements, and each unit owner is responsible for the maintenance, repair and replacement of the unit owner's unit. Damage to the common elements or any unit as a result of the acts or omissions of a unit owner or the association, including damage resulting from the unit owner's or association's lack of maintenance or failure to perform necessary repairs or replacement, is the responsibility of the unit owner or association responsible for causing the damage, or whose agents or invitees caused the damage.

(b) The association's board of directors shall prepare and approve a written preventative maintenance plan, maintenance schedule, and maintenance budget for the common elements. The association shall follow the approved preventative maintenance plan. The association's board may amend, modify, or replace an approved preventative maintenance plan or an approved maintenance schedule from time to time. The association must provide all unit owners with a paper copy, electronic copy, or electronic access to the preventative maintenance plan, the maintenance schedule, and any amendments or modifications to or replacements of the preventative maintenance plan and the maintenance schedule. If a common interest community was created on or before August 1, 2017, the association's board of directors shall have until January 1, 2019, to comply with the requirements of this subsection.

(c) The association shall have access through and into each unit for purposes of performing maintenance, repair or replacement for which the association may be responsible. The association and any public safety personnel shall also have access for purposes of abating or correcting any condition in the unit which violates any governmental law, ordinance or regulation, which may cause material damage to or jeopardize the safety of the common interest community, or which may constitute a health or safety hazard for occupants of units.

(d) Neither the association, nor any unit owner other than the declarant or its affiliates, is subject to a claim for payment of expenses incurred in connection with any additional real estate.

(e) An association with authority under the declaration to approve or disapprove a request by a unit owner who has a right granted under this chapter, or the declaration, to make alterations to the owner's unit must establish, by rule or regulation, a fair, reasonable, and expeditious procedure for making any decision on the proposed alteration. The association must provide the procedure to a unit owner who requests an alteration. Unless the declaration, bylaws, or rules and regulations provide for a different period, the board or a committee appointed by the board must make a decision within 90 days after submission of an application that contains all the information required or any additional information or changes to the proposal requested by the association's board. A decision must be in writing, must be made in accordance with the standards of conduct for directors set forth in the statute under which the association is organized, and must be reasonable.

(f) An association has no authority to regulate the parking of a unit owner or a guest, tenant, or invitee of the unit owner within an improved public right of way that a unit of government maintains and repairs, except that the association may, in its declaration or by rule or regulation, require compliance with all applicable statutes, laws, and ordinances. Absent legislative authorization, a unit of government does not have the authority to delegate its police powers to a private entity. If an association is an authorized delegatee, the delegation is valid for a period not to exceed five years, at which time it may be renewed upon application by the association and agreement of the unit of government. As used in this subsection, "personal vehicle" means an automobile with a gross vehicle weight of less than 26,001 pounds that is used for personal pleasure, travel, or commuting to and from a place of work, including but not limited to a van, pickup truck, small truck, ambulance, law enforcement vehicle, emergency response vehicle, or utility company vehicle. A personal vehicle does not include a motor home, a self-propelled recreational vehicle, or a commercial vehicle used primarily for commercial business unless otherwise stated in this section. A unit owner or resident must be permitted to park a personal or work vehicle on the portion of the unit owner's property or the portion of the limited common element allocated to the unit that was originally designed or subsequently modified for the parking of vehicles, provided the vehicle's length does not encroach on another unit owner's property or interfere with the association's ability to maintain roads or common elements.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 7. Minnesota Statutes 2024, section 515B.3-115, is amended to read:

515B.3-115 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED BEFORE AUGUST 1, 2010.

(a) The obligation of a unit owner to pay common expense assessments shall be as follows:

(1) If a common expense assessment has not been levied, the declarant shall pay all operating expenses of the common interest community, and shall fund the replacement reserve component of the common expenses as required by subsection (b).

(2) If a common expense assessment has been levied, all unit owners, including the declarant, shall pay the assessments allocated to their units, subject to the following:

(i) If the declaration so provides, a declarant's liability, and the assessment lien, for the common expense assessments, exclusive of replacement reserves, on any unit owned by the declarant may be limited to 25 percent or more of any assessment, exclusive of replacement reserves, until the unit or any building located in the unit is substantially completed. Substantial completion shall be evidenced by a certificate of occupancy in any jurisdiction that issues the certificate.

(ii) If the declaration provides for a reduced assessment pursuant to paragraph (2)(i), the declarant shall be obligated, within 60 days following the termination of the period of declarant control, to make up any operating deficit incurred by the association during the period of declarant control. The existence and amount, if any, of the operating deficit shall be determined using the accrual basis of accounting applied as of the date of termination of the period of declarant control, regardless of the accounting methodology previously used by the association to maintain its accounts.

(b) The replacement reserve component of the common expenses shall be funded for each unit in accordance with the projected annual budget required by section 515B.4-102(a)(23) provided that the funding of replacement reserves with respect to a unit shall commence no later than the date that the unit or any building located within the unit boundaries is substantially completed. Substantial completion shall be evidenced by a certificate of occupancy in any jurisdiction that issues the certificate.

(c) After an assessment has been levied by the association, assessments shall be levied at least annually, based upon a budget approved at least annually by the association.

(d) Except as modified by subsections (a)(1) and (2), (e), (f), and (g), all common expenses shall be assessed against all the units in accordance with the allocations established by the declaration pursuant to section 515B.2-108.

(e) Unless otherwise required by the declaration:

(1) any common expense associated with the maintenance, repair, or replacement of a limited common element shall be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides;

(2) any common expense or portion thereof benefiting fewer than all of the units may be assessed exclusively against the units benefited, equally, or in any other proportion the declaration provides;

(3) the costs of insurance may be assessed in proportion to risk or coverage, and the costs of utilities may be assessed in proportion to usage;

(4) subject to section 515B.3-102(a)(11), reasonable attorney fees and costs incurred by the association in connection with (i) the collection of assessments against a unit owner, and (ii) the enforcement of this chapter, the articles, bylaws, declaration, or rules and regulations against a unit owner, may be assessed against the unit owner's unit subject to section 515B.3-116(h); and

(5) fees, charges, late charges, fines and interest may be assessed as provided in section 515B.3-116(a).

(f) Assessments levied under section 515B.3-116 to pay a judgment against the association may be levied only against the units in the common interest community at the time the judgment was entered, in proportion to their common expense liabilities.

(g) If any damage to the common elements or another unit is caused by the act or omission of any unit owner, or occupant of a unit, or their invitees, the association may assess the costs of repairing the damage exclusively against the unit owner's unit to the extent not covered by insurance.

(h) Subject to any shorter period specified by the declaration or bylaws, if any installment of an assessment becomes more than 60 days past due, then the association may, upon ten days' written notice to the unit owner, declare the entire amount of the assessment immediately due and payable in full, except that any portion of the assessment that represents installments that are not due and payable without acceleration as of the date of reinstatement must not be included in the amount that a unit owner must pay to reinstate under section 580.30 or chapter 581.

(i) If common expense liabilities are reallocated for any purpose authorized by this chapter, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

(j) An assessment against fewer than all of the units must be levied within three years after the event or circumstances forming the basis for the assessment, or shall be barred.

(k) An association must adopt a collection policy and provide a copy to all unit owners and prospective purchasers as required pursuant to section 515B.4-107(a)(1).

In addition to any other requirements, a collection policy must require:

(1) three separate notifications to a unit owner before the account is referred to a law firm or collection agency for collections, including at least one notification sent by certified mail to the unit owner's registered address; and

(2) the preforeclosure notice required pursuant to section 580.022 be sent by United States mail and certified mail to the unit owner when a law firm has been hired to foreclose an association's lien for assessments.

~~(k)~~ (l) This section applies only to common interest communities created before August 1, 2010.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 8. Minnesota Statutes 2024, section 515B.3-1151, is amended to read:

515B.3-1151 ASSESSMENTS FOR COMMON EXPENSES; CIC CREATED ON OR AFTER AUGUST 1, 2010.

(a) The association shall approve an annual budget of common expenses at or prior to the conveyance of the first unit in the common interest community to a purchaser and annually thereafter. The annual budget shall include all customary and necessary operating expenses and replacement reserves for the common interest community, consistent with this section and section 515B.3-114. For purposes of replacement reserves under subsection (b), until an annual budget has been approved, the reserves shall be paid based upon the budget contained in the disclosure statement required by section 515B.4-102. The obligation of a unit owner to pay common expenses shall be as follows:

(1) If a common expense assessment has not been levied by the association, the declarant shall pay all common expenses of the common interest community, including the payment of the replacement reserve component of the common expenses for all units in compliance with subsection (b).

(2) If a common expense assessment has been levied by the association, all unit owners, including the declarant, shall pay the assessments levied against their units, except as follows:

(i) The declaration may provide for an alternate common expense plan whereby the declarant's common expense liability, and the corresponding assessment lien against the units owned by the declarant, is limited to: (A) paying when due, in compliance with subsection (b), an amount equal to the full share of the replacement reserves allocated to units owned by the declarant, as set forth in the association's annual budget approved as provided in this subsection; and (B) paying when due all accrued expenses of the common interest community in excess of the aggregate assessments payable with respect to units owned by persons other than a declarant; provided, that the alternate common expense plan shall not affect a declarant's obligation to make up any operating deficit pursuant to item (iv), and shall terminate upon the termination of any period of declarant control unless terminated earlier pursuant to item (iii).

(ii) The alternate common expense plan may be authorized only by including in the declaration and the disclosure statement required by section 515B.4-102 provisions authorizing and disclosing the alternate common expense plan as described in item (i), and including in the disclosure statement either (A) a statement that the alternate common expense plan will have no effect on the level of services or amenities anticipated by the association's budget contained in the disclosure statement, or (B) a statement describing how the services or amenities may be affected.

(iii) A declarant shall give notice to the association of its intent to utilize the alternate common expense plan and a commencement date after the date the notice is given. The alternate common expense plan shall be valid only for periods after the notice is given. A declarant may terminate its right to utilize the alternate common expense plan prior to the termination of the period of declarant control only by giving notice to the association and the unit owners at least 30 days prior to a selected termination date set forth in the notice.

(iv) If a declarant utilizes an alternate common expense plan, that declarant shall cause to be prepared and delivered to the association, at the declarant's expense, within 90 days after the termination of the period of declarant control, an audited balance sheet and profit and loss statement certified to the association and prepared by an accountant having the qualifications set forth in section 515B.3-121(b). The audit shall be binding on the declarant and the association.

(v) If the audited profit and loss statement shows an accumulated operating deficit, the declarant shall be obligated to make up the deficit within 15 days after delivery of the audit to the association, and the association shall have a claim against the declarant for an amount equal to the deficit until paid. A declarant who does not utilize an alternate common expense plan is not liable to make up any operating deficit. If more than one declarant utilizes an alternate common expense plan, all declarants who utilize the plan are jointly and severally liable to the association for any operating deficit.

(vi) The existence and amount, if any, of the operating deficit shall be determined using the accrual method of accounting applied as of the date of termination of the period of declarant control, regardless of the accounting methodology previously used by the association to maintain its accounts.

(vii) Unless approved by a vote of the unit owners other than the declarant and its affiliates, the operating deficit shall not be made up, prior to the election by the unit owners of a board of directors pursuant to section 515B.3-103(d), through the use of a special assessment described in subsection (c) or by assessments described in subsections (e), (f), and (g).

(viii) The use by a declarant of an alternate common expense plan shall not affect the obligations of the declarant or the association as provided in the declaration, the bylaws, or this chapter, or as represented in the disclosure statement required by section 515B.4-102, except as to matters authorized by this chapter.

(b) The replacement reserves required by section 515B.3-114 shall be paid to the association by each unit owner for each unit owned by that unit owner in accordance with the association's annual budget approved pursuant to subsection (a), regardless of whether an annual assessment has been levied or whether the declarant has utilized an alternate common expense plan under subsection (a)(2). Replacement reserves shall be paid with respect to a unit commencing as of the later of (1) the date of creation of the common interest community or (2) the date that the structure and exterior of the building containing the unit, or the structure and exterior of any building located within the unit boundaries, but excluding the interior finishing of the structure itself, are substantially completed. If the association has not approved an annual budget as of the commencement date for the payment of replacement reserves, then the reserves shall be paid based upon the budget contained in the disclosure statement required by section 515B.4-102.

(c) After an assessment has been levied by the association, assessments shall be levied at least annually, based upon an annual budget approved by the association. In addition to and not in lieu of annual assessments, an association may, if so provided in the declaration, levy special assessments against all units in the common interest community based upon the same formula required by the declaration for levying annual assessments. Special assessments may be levied only (1) to cover expenditures of an emergency nature, (2) to replenish underfunded replacement reserves, (3) to cover unbudgeted capital expenditures or operating expenses, or (4) to replace certain components of the common interest community described in section 515B.3-114(a), if such alternative method of funding is approved under section 515B.3-114(a)(5). The association may also levy assessments against fewer than all units as provided in subsections (e), (f), and (g). An assessment under subsection (e)(2) for replacement reserves is subject to the requirements of section 515B.3-1141(a)(5).

(d) Except as modified by subsections (a), clauses (1) and (2), (e), (f), and (g), all common expenses shall be assessed against all the units in accordance with the allocations established by the declaration pursuant to section 515B.2-108.

(e) Unless otherwise required by the declaration:

(1) any common expense associated with the maintenance, repair, or replacement of a limited common element shall be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides;

(2) any common expense or portion thereof benefiting fewer than all of the units may be assessed exclusively against the units benefited, equally, or in any other proportion the declaration provides;

(3) the costs of insurance may be assessed in proportion to risk or coverage, and the costs of utilities may be assessed in proportion to usage;

(4) subject to section 515B.3-102(a)(11), reasonable attorney fees and costs incurred by the association in connection with (i) the collection of assessments, and (ii) the enforcement of this chapter, the articles, bylaws, declaration, or rules and regulations, against a unit owner, may be assessed against the unit owner's unit, subject to section 515B.3-116(h); and

(5) fees, charges, late charges, fines, and interest may be assessed as provided in section 515B.3-116(a).

(f) Assessments levied under section 515B.3-116 to pay a judgment against the association may be levied only against the units in the common interest community at the time the judgment was entered, in proportion to their common expense liabilities.

(g) If any damage to the common elements or another unit is caused by the act or omission of any unit owner, or occupant of a unit, or their invitees, the association may assess the costs of repairing the damage exclusively against the unit owner's unit to the extent not covered by insurance.

(h) Subject to any shorter period specified by the declaration or bylaws, if any installment of an assessment becomes more than 60 days past due, then the association may, upon ten days' written notice to the unit owner, declare the entire amount of the assessment immediately due and payable in full, except that any portion of the assessment that represents installments that are not due and payable without acceleration as of the date of reinstatement must not be included in the amount that a unit owner must pay to reinstate under section 580.30 or chapter 581.

(i) If common expense liabilities are reallocated for any purpose authorized by this chapter, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

(j) An assessment against fewer than all of the units must be levied within three years after the event or circumstances forming the basis for the assessment, or shall be barred.

(k) An association must adopt a collection policy and provide a copy to all unit owners and prospective purchasers as required pursuant to section 515B.4-107(a)(1).

In addition to any other requirements, a collection policy must require:

(1) three separate notifications to a unit owner before the account is referred to a law firm or collection agency for collections, including at least one notification sent by certified mail to the unit owner's registered address; and

(2) the preforeclosure notice required pursuant to section 580.022 be sent by United States mail and certified mail to the unit owner when a law firm has been hired to foreclose an association's lien for assessments.

~~(k)~~ (l) This section applies only to common interest communities created on or after August 1, 2010.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 9. Minnesota Statutes 2024, section 515B.3-116, is amended to read:

515B.3-116 LIEN FOR ASSESSMENTS.

(a) The association has a lien on a unit for any assessment levied against that unit from the time the assessment becomes due. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due. Unless the declaration otherwise provides, fees, charges, fines as specified in subsection (h), and late charges, ~~fin~~es and interest charges pursuant to section ~~515B.3-102(a)(10), (11)~~ and ~~(12)~~ are liens, and are enforceable as assessments, under this section. Recording of the declaration constitutes record notice and perfection of any assessment lien under this section, and no further recording of any notice of or claim for the lien is required.

(b) Subject to subsection (c), a lien under this section is prior to all other liens and encumbrances on a unit except (i) liens and encumbrances recorded before the declaration and, in a cooperative, liens and encumbrances which the association creates, assumes, or takes subject to, (ii) any first mortgage encumbering the fee simple interest in the unit, or, in a cooperative, any first security interest encumbering only the unit owner's interest in the unit, (iii) liens for real estate taxes and other governmental assessments or charges against the unit, and (iv) a master association lien under section 515B.2-121(h). This subsection shall not affect the priority of mechanic's liens.

(c) If a first mortgage on a unit is foreclosed, the first mortgage was recorded after June 1, 1994, and no owner or person who acquires the owner's interest in the unit redeems pursuant to chapter 580, 581, or 582, the holder of the sheriff's certificate of sale from the foreclosure of the first mortgage or any person who acquires title to the unit by redemption as a junior creditor shall take title to the unit subject to a lien in favor of the association for unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months immediately preceding the end of the owner's period of redemption. The common expenses shall be based upon the association's then current annual budget, notwithstanding the use of an alternate common expense plan under section 515B.3-115(a)(2). If a first security interest encumbering a unit owner's interest in a cooperative unit which is personal property is foreclosed, the secured party or the purchaser at

the sale shall take title to the unit subject to unpaid assessments for common expenses levied pursuant to section 515B.3-115(a), (e)(1) to (3), (f), and (i) which became due, without acceleration, during the six months immediately preceding the first day following either the disposition date pursuant to section 336.9-610 or the date on which the obligation of the unit owner is discharged pursuant to section 336.9-622.

(d) Proceedings to enforce an assessment lien shall be instituted within three years after the last installment of the assessment becomes payable, or shall be barred.

(e) The unit owner of a unit at the time an assessment is due shall be personally liable to the association for payment of the assessment levied against the unit. If there are multiple owners of the unit, they shall be jointly and severally liable.

(f) This section does not prohibit actions to recover sums for which subsection (a) creates a lien nor prohibit an association from taking a deed in lieu of foreclosure.

(g) The association shall furnish to a unit owner or the owner's authorized agent upon written request of the unit owner or the authorized agent a statement setting forth the amount of unpaid assessments currently levied against the owner's unit. If the unit owner's interest is real estate, the statement shall be in recordable form. The statement shall be furnished within ten business days after receipt of the request and is binding on the association and every unit owner.

(h) The association's lien may be foreclosed as provided in this subsection, provided that an association may not commence foreclosure unless common expenses and special assessments and fines that meet the conditions for exception to the limit specified in section 515B.3-102, subsection (c), are delinquent for more than three months.

(1) In a condominium or planned community, regardless of when the condominium or planned community was created, the association's lien may be foreclosed in a like manner as a mortgage containing a power of sale pursuant to chapter 580, or by action pursuant to chapter 581. The association shall have a power of sale to foreclose the lien pursuant to chapter 580, except that any portion of the assessment that represents attorney fees or costs shall not be included in the amount a unit owner must pay to reinstate under section 580.30 or chapter 581.

(2) In a cooperative whose unit owners' interests are real estate, the association's lien shall be foreclosed in a like manner as a mortgage on real estate as provided in paragraph (1).

(3) In a cooperative whose unit owners' interests in the units are personal property, the association's lien shall be foreclosed in a like manner as a security interest under article 9 of chapter 336. In any disposition pursuant to section 336.9-610 or retention pursuant to sections 336.9-620 to 336.9-622, the rights of the parties shall be the same as those provided by law, except (i) notice of sale, disposition, or retention shall be served on the unit owner 90 days prior to sale, disposition, or retention, (ii) the association shall be entitled to its reasonable costs and attorney fees not exceeding the amount provided by section 582.01, subdivision 1a, (iii) the amount of the association's lien shall be deemed to be adequate consideration for the unit subject to disposition or retention, notwithstanding the value of the unit, and (iv) the notice of sale, disposition, or retention shall contain the following statement in capital letters with the name of the association or secured party filled in:

"THIS IS TO INFORM YOU THAT BY THIS NOTICE (fill in name of association or secured party) HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES, CHAPTER 515B, TO FORECLOSE ON YOUR INTEREST IN YOUR UNIT FOR THE REASON SPECIFIED IN THIS NOTICE. YOUR INTEREST IN YOUR UNIT WILL TERMINATE 90 DAYS AFTER SERVICE OF THIS NOTICE ON YOU UNLESS BEFORE THEN:

(a) THE PERSON AUTHORIZED BY (fill in the name of association or secured party) AND DESCRIBED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM YOU:

(1) THE AMOUNT THIS NOTICE SAYS YOU OWE; PLUS

(2) THE COSTS INCURRED TO SERVE THIS NOTICE ON YOU; PLUS

(3) \$500 TO APPLY TO ATTORNEY FEES ACTUALLY EXPENDED OR INCURRED; PLUS

(4) ANY ADDITIONAL AMOUNTS FOR YOUR UNIT BECOMING DUE TO (fill in name of association or secured party) AFTER THE DATE OF THIS NOTICE; OR

(b) YOU SECURE FROM A DISTRICT COURT AN ORDER THAT THE FORECLOSURE OF YOUR RIGHTS TO YOUR UNIT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING, OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR OWNERSHIP RIGHTS IN YOUR UNIT WILL TERMINATE AT THE END OF THE PERIOD, YOU WILL LOSE ALL THE MONEY YOU HAVE PAID FOR YOUR UNIT, YOU WILL LOSE YOUR RIGHT TO POSSESSION OF YOUR UNIT, YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE, AND YOU WILL BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY."

(4) In any foreclosure pursuant to chapter 580, 581, or 582, the rights of the parties shall be the same as those provided by law, except (i) the period of redemption for unit owners shall be six months from the date of sale or a lesser period authorized by law, (ii) in a foreclosure by advertisement under chapter 580, the foreclosing party shall be entitled to costs and disbursements of foreclosure and attorney fees authorized by the declaration or bylaws, notwithstanding the provisions of section 582.01, subdivisions 1 and 1a, (iii) in a foreclosure by action under chapter 581, the foreclosing party shall be entitled to costs and disbursements of foreclosure and attorney fees as the court shall determine, and (iv) the amount of the association's lien shall be deemed to be adequate consideration for the unit subject to foreclosure, notwithstanding the value of the unit.

(i) If a holder of a sheriff's certificate of sale, prior to the expiration of the period of redemption, pays any past due or current assessments, or any other charges lienable as assessments, with respect to the unit described in the sheriff's certificate, then the amount paid shall be a part of the sum required to be paid to redeem under section 582.03.

(j) In a cooperative, if the unit owner fails to redeem before the expiration of the redemption period in a foreclosure of the association's assessment lien, the association may bring an action for eviction against the unit owner and any persons in possession of the unit, and in that case section 504B.291 shall not apply.

(k) An association may assign its lien rights in the same manner as any other secured party.

EFFECTIVE DATE. This section is effective January 1, 2027, and applies to foreclosures commenced on or after that date.

Sec. 10. **[515B.3-125] LEGAL FEES; NOTICE REQUIRED.**

(a) If an association elects to refer a unit owner's inquiry to the association's legal counsel, the association must notify the unit owner in advance that the association:

(1) intends to refer the inquiry to the association's legal counsel; and

(2) may incur legal fees which may result in an assessment to the unit owner.

(b) The board must provide the notification under subsection (a) at no cost to the unit owner.

(c) The association shall refer the unit owner or the unit owner's attorney to the association's legal counsel if the inquiry concerns a pending legal matter involving the unit owner and the association.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 11. Minnesota Statutes 2024, section 515B.4-1021, is amended to read:

515B.4-1021 DISCLOSURE STATEMENT; GENERAL PROVISIONS; CIC CREATED ON OR AFTER AUGUST 1, 2010.

(a) A disclosure statement shall fully and accurately disclose:

(1) the name and, if available, the number of the common interest community;

(2) the name and principal address of each declarant holding any special declarant rights; a description of the special declarant rights held by each declarant; a description of the units or additional real estate to which the respective special declarant rights apply; and a copy of any recorded transfer of special declarant rights pursuant to section 515B.3-104(a), or any instrument recorded pursuant to section 515B.3-104(b), (g), or (h);

(3) the total number of units which all declarants have the right to include in the common interest community and a statement that the common interest community is either a condominium, cooperative, or planned community;

(4) a general description of the common interest community, including, at a minimum, (i) the number of buildings, (ii) the number of dwellings per building, (iii) the type of construction, (iv) whether the common interest community involves new construction or rehabilitation, (v) whether any building was wholly or partially occupied, for any purpose, before it was added to the common interest community, and the nature of the occupancy, (vi) a general description of any roads, trails, or utilities that are located on the common elements and that the association or master association will be required to maintain, (vii) a description of any declarant licensing rights under section 515B.2-109(e), and (viii) the initial maintenance plan, initial maintenance schedule, and maintenance budget under section 515B.3-107(b). The initial maintenance plan prepared by the declarant must be based on the best available information listing all building elements to which the plan will apply and the generally accepted standards of maintenance on which the plan is based. The initial plan must be dated and signed by the declarant and be fully funded by the initial budget provided by the declarant;

(5) declarant's schedule of commencement and completion of construction of any buildings and other improvements that the declarant is obligated to build pursuant to section 515B.4-117;

(6) any expenses or services, not reflected in the budget, that the declarant pays or provides, which may become a common expense; the projected common expense attributable to each of those expenses or services; a description of any alternate common expense plan under section 515B.3-115(a)(2)(i); and, if the declaration provides for an alternate common expense plan, either (i) a statement that the alternate common expense plan will have no effect on the level of services or amenities anticipated by the association's budget or disclosed in the disclosure statement, or (ii) a statement describing how the services or amenities may be affected;

(7) any initial or special fee due from the purchaser to the declarant or the association at closing, together with a description of the purpose and method of calculating the fee;

(8) identification of any liens, defects, or encumbrances which will continue to affect the title to a unit or to any real property owned by the association after the contemplated conveyance;

(9) a description of any financing offered or arranged by the declarant;

(10) a statement as to whether application has been made for any project approvals for the common interest community from the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Department of Housing and Urban Development (HUD), or Department of Veterans Affairs (VA), and which, if any, such final approvals have been received;

(11) the terms of any warranties provided by the declarant, including copies of sections 515B.4-112 to 515B.4-115, and any other applicable statutory warranties, and a statement of any limitations on the enforcement of the applicable warranties or on damages;

(12) a statement that:

(i) within ten days after the receipt of a disclosure statement, a purchaser may cancel any contract for the purchase of a unit from a declarant; provided, that the right to cancel terminates upon the purchaser's voluntary acceptance of a conveyance of the unit from the declarant or by the purchaser agreeing to modify or waive the right to cancel in the manner provided by section 515B.4-106(a);

(ii) if a purchaser receives a disclosure statement more than ten days before signing a purchase agreement, the purchaser cannot cancel the purchase agreement; and

(iii) if a declarant obligated to deliver a disclosure statement fails to deliver a disclosure statement which substantially complies with this chapter to a purchaser to whom a unit is conveyed, the declarant shall be liable to the purchaser as provided in section 515B.4-106(d);

(13) a statement disclosing to the extent of the declarant's or an affiliate of a declarant's actual knowledge, after reasonable inquiry, any unsatisfied judgments or lawsuits to which the association is a party, and the status of those lawsuits which are material to the common interest community or the unit being purchased;

(14) a statement (i) describing the conditions under which earnest money will be held in and disbursed from the escrow account, as set forth in section 515B.4-109, (ii) that the earnest money will be returned to the purchaser if the purchaser cancels the contract pursuant to section 515B.4-106, and (iii) setting forth the name and address of the escrow agent;

(15) a detailed description of the insurance coverage provided by the association for the benefit of unit owners, including but not limited to:

(i) a statement as to which, if any, of the items referred to in section 515B.3-113(b), are insured by the association;

(ii) the amount of the association's deductible; and

(iii) the following statement: "IF THE ASSOCIATION LEVIES A LOSS ASSESSMENT, THE UNIT OWNER IS PERSONALLY RESPONSIBLE FOR PAYING IT, EVEN IF THE UNIT OWNER DOES NOT HAVE APPROPRIATE INSURANCE COVERAGE. A unit owner should conduct a regular review of their individual insurance policy and increase coverage as necessary to fully cover their portion of the master insurance deductible.";

(16) any current or expected fees or charges, other than assessments for common expenses, to be paid by unit owners for the use of the common elements or any other improvements or facilities;

(17) the financial arrangements, including any contingencies, which have been made to provide for completion of all improvements that the declarant is obligated to build pursuant to section 515B.4-118, or a statement that no such arrangements have been made;

(18) in a cooperative:

(i) whether the unit owners will be entitled, for federal and state tax purposes, to deduct payments made by the association for real estate taxes and interest paid to the holder of a security interest encumbering the cooperative;

(ii) a statement as to the effect on the unit owners if the association fails to pay real estate taxes or payments due the holder of a security interest encumbering the cooperative; and

(iii) the principal amount and a general description of the terms of any blanket mortgage, contract for deed, or other blanket security instrument encumbering the cooperative property;

(19) a statement:

(i) that real estate taxes for the unit or any real property owned by the association are not delinquent or, if there are delinquent real estate taxes, describing the property for which the taxes are delinquent, stating the amount of the delinquent taxes, interest, and penalties, and stating the years for which taxes are delinquent; and

(ii) setting forth the amount of real estate taxes, including the amount of any special assessment certified for payment with the real estate taxes, due and payable with respect to the unit in the year in which the disclosure statement is given, if real estate taxes have been separately assessed against the unit;

(20) if the unit or other parcel of real estate being purchased is or may be subject to a master declaration at the time of the conveyance from the declarant to the purchaser, a statement to that effect, and all of the following information with respect to the master association:

(i) copies of the following documents (which may be in proposed form if the master declaration has not been recorded): the master declaration, the articles of incorporation, bylaws, and rules and regulations for the master association, together with any amendments thereto;

(ii) the name and address of the master developer, and the name, address, and general description of the master association, including a general description of any other association, unit owners, or other persons which are or may become members;

(iii) a description of any nonresidential use permitted on any property subject to the master declaration;

(iv) a statement as to the estimated maximum number of associations, unit owners, or other persons which may become members of the master association, and a description of any period of control of the master association and rights to appoint master association directors by a master developer or other person pursuant to section 515B.2-121(c);

(v) a description of any facilities intended for the benefit of the members of the master association and not located on property owned or controlled by a member of the master association;

(vi) the financial arrangements, including any contingencies, which have been made to provide for completion of the facilities referred to in subsection (v), or a statement that no arrangements have been made;

(vii) any current balance sheet of the master association and a projected or current annual budget, as applicable, which budget shall include with respect to the master association those items in paragraph (23), clauses (i) through (iii), and the projected monthly or other periodic common expense assessment payment for each type of unit, lot, or other parcel of real estate which is or is planned to be subject to assessment;

(viii) a description of any expenses or services not reflected in the budget, paid for or provided by a master developer or another person executing the master declaration, which may become an expense of the master association in the future;

(ix) a description of any powers delegated to and accepted by the master association pursuant to section 515B.2-121(e)(2);

(x) identification of any liens, defects, or encumbrances that will continue to affect title to property owned or operated by the master association for the benefit of its members;

(xi) the terms of any warranties provided by any person for construction of facilities in which the members of the master association have or may have an interest, and any known defects in the facilities which would violate the standards described in section 515B.4-113(b)(2);

(xii) a statement disclosing, after inquiry of the master association, any unsatisfied judgments or lawsuits to which the master association is a party, and the status of those lawsuits which are material to the master association;

(xiii) a description of any insurance coverage provided for the benefit of its members by the master association. The description of insurance must identify the master association's deductible amounts for property damage, including wind and hail claims, that may be assessed to a unit as a loss assessment. All descriptions of insurance must contain the following statement in a conspicuous manner: "The unit owner, at the time a loss assessment is due, is personally liable for payment of a loss assessment. The deductible and potential loss assessment amount are subject to change each year when the association purchases new insurance. It is recommended that each unit owner personally purchase insurance coverage for loss assessments in an amount at least equal to the association's deductible, which the unit owner should review and update if the deductible changes. IF THE ASSOCIATION LEVIES A LOSS ASSESSMENT, THE UNIT OWNER IS PERSONALLY RESPONSIBLE FOR PAYING IT, EVEN IF THE UNIT OWNER DOES NOT HAVE APPROPRIATE INSURANCE COVERAGE. This is separate insurance, independent of the insurance a unit owner should purchase for the interior of their unit and personal property."; and

(xiv) any current or expected fees or charges, other than assessments by the master association, to be paid by members of the master association for the use of any facilities intended for the benefit of the members;

(21) a statement as to whether the unit will be substantially completed at the time of conveyance to a purchaser, and, if not substantially completed, who is responsible to complete and pay for the construction of the unit;

(22) copies of the following documents (which may be in proposed form if the declaration has not been recorded): the declaration and any supplemental declaration, and any amendments thereto (exclusive of the CIC plat); any other recorded covenants, conditions, restrictions, and reservations affecting the common interest community; the articles of incorporation, bylaws, and any rules or regulations of the association; the names of the current members of the association's board of directors; any agreement excluding or modifying any implied warranties; any agreement reducing the statute of limitations for the enforcement of warranties; any contracts or leases to be signed by the purchaser at closing; and a description of any material contracts, leases, or other agreements affecting the common interest community; ~~and~~

(23) a balance sheet for the association, following the creation of the association, current within 90 days; a projected annual budget for the association; and a statement identifying the party responsible for the preparation of the budget. The budget shall assume that all units intended to be included in the common interest community, based upon the declarant's good faith estimate, have been subjected to the declaration; provided, that additional budget portrayals based upon a lesser number of units are permitted. The budget shall include, without limitation:

(i) a statement of the amount included in the budget as a reserve for replacement, the components of the common interest community for which the reserves are budgeted, and the amounts of the reserves, if any, that are allocated for the replacement of each of those components;

(ii) a statement of any other reserves;

(iii) the projected common expense for each category of expenditures for the association;

(iv) the projected monthly common expense assessment for each type of unit;

(v) a statement as to the components of the common interest community whose replacement will be funded by assessments under section 515B.3-115(c) or (e), rather than by replacement reserves as approved pursuant to section 515B.3-114(a). If, based upon the association's then-current budget, the monthly common expense assessment for the unit at the time of conveyance to the purchaser is anticipated to exceed the monthly assessment stated in the budget, a statement to such effect shall be included; and

(vi) a copy of any reserve study, if any, or any other reports or estimates, if any, utilized by the declaration in providing the information required by section 515B.4-102(a)(23); and

(24) the schedules of fines and allowable remedies required under section 515B.3-102 and the collection policy adopted by the association under section 515B.3-115(k) or 515B.3-1151(k).

(b) A declarant shall promptly amend the disclosure statement to reflect any material change in the information required by this chapter.

(c) The master association, within ten days after a request by a declarant, a holder of declarant rights, or a buyer referred to in section 515B.4-101(e), or the authorized representative of any of them, shall furnish the information required to be provided by subsection (a)(20). A declarant or other person who provides information pursuant to subsection (a)(20), is not liable to the buyer for any erroneous information if the declarant or other person: (i) is not an affiliate of or related in any way to a person authorized to appoint the master association board pursuant to section 515B.2-121(c)(3), and (ii) has no actual knowledge that the information is incorrect.

(d) This section applies only to common interest communities created on or after August 1, 2010.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 12. Minnesota Statutes 2024, section 515B.4-107, is amended to read:

515B.4-107 RESALE OF UNITS.

(a) In the event of a resale of a unit by a unit owner other than a declarant, unless exempt under section 515B.4-101(c), the unit owner shall furnish to a purchaser, before execution of any purchase agreement for a unit or otherwise before conveyance, the following documents relating to the association or to the master association, if applicable:

(1) copies of the declaration (other than any CIC plat), the articles of incorporation and bylaws, any rules and regulations, and any amendments or supplemental declarations, including the schedules of fines and allowable remedies required under section 515B.3-102 and the collection policy adopted by the association under section 515B.3-115(k) or 515B.3-1151(k);

(2) copies of the master declaration, articles of incorporation, bylaws, and rules and regulations, if the common interest community is subject to a master declaration; ~~and~~

(3) a resale disclosure certificate from the association dated not more than 90 days prior to the date of the purchase agreement or the date of conveyance, whichever is earlier, containing the information set forth in subsection (b)-; and

(4) a copy of any reserve study, if any, obtained by the association within the past three years for the purposes of evaluating the adequacy of replacement reserve contributions and compliance with section 515B.3-1141.

(b) The resale disclosure certificate must be in substantially the following form:

COMMON INTEREST COMMUNITY
RESALE DISCLOSURE CERTIFICATE

Name of Common Interest Community:

Name of Association:

Address of Association:

Unit Number(s) (include principal unit and any garage, storage, or other auxiliary units):

Common elements licensed under Minnesota Statutes, section 515B.2-109(e):

.....
.....

The following information is furnished by the association named above according to Minnesota Statutes, section 515B.4-107.

1. There is no right of first refusal or other restraint on the free alienability of the above unit(s) contained in the declaration, bylaws, rules and regulations, or any amendment to them, except as follows:

.....
.....
.....

2. The following periodic installments of common expense assessments and special assessments are payable with respect to the above unit(s):

- a. Annual assessment installments: \$..... Due:.....
- b. Special assessment installments: \$..... Due:.....
- c. Unpaid assessments, fines, or other charges:
 - (1) Annual \$.....
 - (2) Special \$.....
 - (3) Fines \$.....
 - (4) Other Charges \$.....
- d. The association has/has not (strike one) approved a plan for levying certain common expense assessments against fewer than all the units according to Minnesota Statutes, section 515B.3-115, subsection (e). If a plan is approved, a description of the plan is attached to this certificate.

3. In addition to the amounts due under paragraph 2, the following additional fees or charges other than assessments are payable by unit owners (include late payment charges, user fees, etc.):

.....
.....
.....

4. There are no extraordinary expenditures approved by the association, and not yet assessed, for the current and two succeeding fiscal years, except as follows:.....

.....
.....

5. The association is obligated to replace the following components of the common interest community:

.....
.....

The association has the following amounts in its reserves for replacement of those components:

.....
.....

The replacement of the following components is funded by assessments levied only against the unit or units served by the component, pursuant to Minnesota Statutes, section 515B.3-115(e)(1) or (2).

.....
.....

6. The following documents are furnished with this certificate according to statute:

- a. The most recent regularly prepared balance sheet and income and expense statement of the association.
- b. The current budget of the association.

7. There are no unsatisfied judgments against the association, except as follows (identify creditor and amount): ..

.....
.....

8. There are no pending lawsuits to which the association is a party, except as follows (identify and summarize status):

.....
.....

9. Description of insurance coverages:

a. The association provides the following insurance coverage for the benefit of unit owners: (Reference may be made to applicable sections of the declaration or bylaws; however, any additional coverages should be described in this space)

.....
.....
.....

b. The following described fixtures, decorating items, or construction items within the unit referred to in Minnesota Statutes, section 515B.3-113, subsection (b), are insured by the association (check as applicable):

..... Ceiling or wall finishing materials

..... Finished flooring

..... Cabinetry

..... Finished millwork

..... Electrical, heating, ventilating, and air conditioning equipment, or plumbing fixtures serving a single unit

..... Built-in appliances

..... Improvements and betterments as originally constructed

..... Additional improvements and betterments installed by unit owners

c. The association's master insurance has deductible amounts for property damage and wind or hail claims that may be assessed to a unit as a "loss assessment." The unit owner, at the time a loss assessment is due, is personally liable for payment of a loss assessment. The deductible and potential loss assessment amount is subject to change each year when the association purchases new insurance. It is recommended that you personally purchase insurance coverage for loss assessments in the amount at least equal to the association's deductible, which the unit owner should review and update if the deductible changes. IF THE ASSOCIATION LEVIES A LOSS ASSESSMENT, YOU ARE PERSONALLY RESPONSIBLE FOR PAYING IT, EVEN IF YOU DO NOT HAVE APPROPRIATE INSURANCE COVERAGE. This is separate insurance, independent of the insurance a unit owner should purchase for the interior of their unit and personal property.

10. The board of directors of the association has not notified the unit owner (i) that any alterations or improvements to the unit or to the limited common elements assigned to it violate any provision of the declaration; or (ii) that the unit is in violation of any governmental statute, ordinance, code, or regulation, except as follows:

.....

11. The remaining term of any leasehold estate affecting the common interest community and the premises governing any extension or renewal of it are as follows:

.....

.....

12. This Resale Disclosure Certificate is given in connection with the resale of a unit by a unit owner who is not a declarant and who, therefore, is not liable for express warranties under Minnesota Statutes, section 515B.4-112, or implied warranties under Minnesota Statutes, section 515B.4-113. The conveyance of this unit may, however, result in a transfer of preexisting warranties made by a declarant under the referenced statutes, subject to the terms of Minnesota Statutes, sections 515B.4-114 and 515B.4-115.

13. In addition to the above, the following matters affecting the occupancy or use of the unit, or the unit owner's obligations with respect to the unit, are deemed material:.....

.....

I hereby certify that the foregoing information and statements are true and correct as of.....

.....

.....

(Date)

By:

Title:

(Association representative)

Address:

Phone Number:

RECEIPT

In addition to the foregoing information furnished by the association, the unit owner is obligated to furnish to the purchaser before execution of any purchase agreement for a unit or otherwise before conveyance, copies of the following documents relating to the association or to the master association (as applicable): the declaration (other than any common interest community plat), articles of incorporation, bylaws, rules and regulations (if any), and any amendments to these documents. Receipt of the foregoing documents, and the resale disclosure certificate, is acknowledged by the undersigned buyer(s).

Dated:

.....
(Buyer)

.....

(Buyer)

(c) If the common interest community is subject to a master declaration and governed by a master association to which has been delegated any of the association's powers under section 515B.3-102(a)(2), then the financial information required to be disclosed under subsection (b) may be disclosed on a consolidated basis.

(d) The association, within ten days after a request by a unit owner, or the unit owner's authorized representative, shall furnish the certificate required in subsection (a). The association may charge a reasonable fee for furnishing the certificate and any association documents related thereto. A unit owner providing a certificate pursuant to subsection (a) is not liable to the purchaser for any erroneous information provided by the association and included in the certificate. A unit owner who has acquired title to a unit pursuant to section 515B.3-104 including, but not limited to, a unit owner who has acquired title through foreclosure or a deed in lieu of foreclosure, must indicate to the association in connection with a request for a resale disclosure certificate whether the requesting unit owner is or is not a declarant. The unit owner, not the association, is liable for any damage, loss, or other consequence arising out of the incorrect representation of its declarant status.

(e) A purchaser is not liable for any unpaid common expense assessments, including special assessments, if any, not set forth in the certificate required in subsection (a). A purchaser is not liable for the amount by which the annual or special assessments exceed the amount of annual or special assessments stated in the certificate for assessments payable in the year in which the certificate was given, except to the extent of any increases subsequently approved in accordance with the declaration or bylaws. A unit owner is not liable to a purchaser for the failure of the association to provide the certificate, or a delay by the association in providing the certificate in a timely manner.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 13. Minnesota Statutes 2024, section 515B.4-116, is amended to read:

515B.4-116 RIGHTS OF ACTION; RETALIATION PROHIBITED; ATTORNEY'S FEES.

(a) In addition to any other rights to recover damages, attorney's fees, costs or expenses, whether authorized by this chapter or otherwise, if a declarant, an association, or any other person violates any provision of this chapter, or any provision of the declaration, bylaws, or rules and regulations any person or class of persons adversely affected by the failure to comply has a claim for appropriate relief. Subject to the requirements of section 515B.3-102, the association shall have standing to pursue claims on behalf of the unit owners of two or more units.

(b) The court may award reasonable attorney's fees and costs of litigation to the prevailing party. Punitive damages may be awarded for a willful failure to comply.

(c) As a condition precedent to any construction defect claim, the parties to the claim must submit the matter to mediation before a mutually agreeable neutral third party. For the purposes of this section, mediation has the meaning given under the General Rules of Practice, rule 114.02 (7). If the parties are not able to agree on a neutral third-party mediator from the roster maintained by the Minnesota Supreme Court, the parties may petition the district court in the jurisdiction in which the common interest community is located to appoint a mediator. The applicable statute of limitations and statute of repose for an action based on breach of a warranty imposed by this section, or any other action in contract, tort, or other law for any injury to real or personal property or bodily injury or wrongful death arising out of the alleged construction defect, is tolled from the date that any party makes a written demand for mediation under this section until the latest of the following:

- (1) five business days after mediation is completed; or
- (2) 180 days.

Notwithstanding the foregoing, mediation shall not be required prior to commencement of a construction defect claim if the parties have completed home warranty dispute resolution under section 327A.051.

(d) The remedies provided for under this chapter are not exclusive and do not abrogate any remedies under other statutes or the common law, notwithstanding whether those remedies are referred to in this chapter.

(e) An association may not retaliate against a unit owner for asserting any right the unit owner has under this chapter or other law.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 14. **[515B.5-101] LOCAL GOVERNMENT REGULATIONS.**

Subdivision 1. **Definition.** For purposes of this section, "local government" means a county; a town; a municipality as defined in section 462.352, subdivision 2; a joint planning board; or a public corporation, including the Metropolitan Council.

Subd. 2. **Prohibited regulations.** Except as required by state or federal law or rule, a local government must not condition approval of a residential building permit or conditional use permit, residential subdivision development or residential planned unit development, or any other permit related to residential development on the:

(1) creation of a homeowners association;

(2) inclusion of any service, feature, or common property necessitating a homeowners association, unless requested by the developer;

(3) inclusion of any terms in a homeowners association declaration, bylaws, articles of incorporation, or any other governing document; or

(4) adoption or revocation of, or amendment to, a rule or regulation governing the homeowners association or its members.

Subd. 3. **Exemptions.** Nothing in this section prohibits:

(1) a local government from requiring the maintenance or insurance of common elements; or

(2) a project applicant from providing an easement to access public infrastructure.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 15. **APPLICATION.**

Sections 1 to 13 are effective on the dates provided and apply to common interest communities created before, on, or after the date of enactment. Notwithstanding any other law, common interest communities shall have three years from the date of enactment to update governing documents to reflect the changes in sections 1 to 13, however, until a common interest community has updated their governing documents, a copy of sections 1 to 13 must be provided with each disclosure statement required under Minnesota Statutes, sections 515B.4-102 and 515B.4-1021. The schedule of fees required under section Minnesota Statutes, 515B.3-102, subsection (c), shall be provided to all current unit owners no later than January 31, 2027."

Delete the title and insert:

"A bill for an act relating to common interest communities; modifying powers and duties of common interest communities; modifying rights of a unit owner; modifying threshold for termination of a common interest community; requiring dispute resolution options; modifying notice of meetings; limiting late fees, fines, and attorney fees; modifying foreclosure requirements; prohibiting local governments from requiring creation of homeowners associations; amending Minnesota Statutes 2024, sections 515B.1-103; 515B.2-119; 515B.3-102; 515B.3-103; 515B.3-106; 515B.3-107; 515B.3-115; 515B.3-1151; 515B.3-116; 515B.4-1021; 515B.4-107; 515B.4-116; proposing coding for new law in Minnesota Statutes, chapter 515B."

With the recommendation that when so amended the bill be re-referred to the Committee on Judiciary Finance and Civil Law.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 2526, 3421, 3769, 3978 and 4399 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 3602 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Gomez; Lee, K.; Kozlowski; Greenman; Finke; Sencer-Mura; Smith; Jordan; Xiong; Mahamoud; Noor and Hollins introduced:

H. F. No. 4616, A bill for an act relating to taxation; establishing a Minnesota wealth tax; proposing coding for new law in Minnesota Statutes, chapter 290.

The bill was read for the first time and referred to the Committee on Taxes.

Hussein; Pérez-Vega; Xiong; Lillie; Skraba; Luger-Nikolai; Carroll; Gottfried; Hill; Hansen, R.; Klevorn; Finke; Lee, K.; Hollins; Reyer; Cha; Clardy and Frazier introduced:

H. F. No. 4617, A bill for an act relating to capital investment; appropriating money for road and utility infrastructure for the Sears site; authorizing the sale and issuance of appropriation bonds; proposing coding for new law in Minnesota Statutes, chapter 16A.

The bill was read for the first time and referred to the Committee on Capital Investment.

Mahamoud introduced:

H. F. No. 4618, A bill for an act relating to health insurance; setting requirements for the calculation of an enrollee's contribution toward cost-sharing and out-of-pocket maximum requirements; proposing coding for new law in Minnesota Statutes, chapter 62Q.

The bill was read for the first time and referred to the Committee on Commerce Finance and Policy.

Bierman, Greene, Pursell and Liebling introduced:

H. F. No. 4619, A bill for an act relating to mental health; appropriating money for mental health grants.

The bill was read for the first time and referred to the Committee on Health Finance and Policy.

Bierman and Baker introduced:

H. F. No. 4620, A bill for an act relating to health care; increasing medical assistance reimbursement rates for complex outpatient visits; amending Minnesota Statutes 2025 Supplement, section 256B.76, subdivision 1.

The bill was read for the first time and referred to the Committee on Health Finance and Policy.

Rehm and Pursell introduced:

H. F. No. 4621, A bill for an act relating to taxation; individual income; increasing the amount of the Minnesota child credit; amending Minnesota Statutes 2024, section 290.0661, subdivisions 3, 7.

The bill was read for the first time and referred to the Committee on Taxes.

Huot and Stier introduced:

H. F. No. 4622, A bill for an act relating to emergency medical services; requiring ambulance services to report certain prehospital care data; amending Minnesota Statutes 2024, section 144E.123, subdivision 1, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Health Finance and Policy.

Hussein, Xiong, Huot and Feist introduced:

H. F. No. 4623, A bill for an act relating to capital investment; appropriating money for an indoor recreational dome facility in the city of St. Paul; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Capital Investment.

Huot and Witte introduced:

H. F. No. 4624, A bill for an act relating to employment; modifying the exception to inquiring into pay history that is a matter of public record; amending Minnesota Statutes 2024, section 363A.08, subdivision 8.

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law.

Hanson, J., and Kotyza-Witthuhn introduced:

H. F. No. 4625, A bill for an act relating to data practices; updating terminology; amending Minnesota Statutes 2025 Supplement, section 13.46, subdivision 10.

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law.

Noor introduced:

H. F. No. 4626, A bill for an act relating to human services; modifying the community first services and supports program; amending Minnesota Statutes 2024, section 256B.85, subdivisions 6, 10, 18a, by adding subdivisions; Minnesota Statutes 2025 Supplement, section 256B.85, subdivisions 12, 17a.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Wolgamott introduced:

H. F. No. 4627, A bill for an act relating to higher education; requiring postsecondary institutions to report enrollment fraud to the Office of Higher Education; requiring a report; proposing coding for new law in Minnesota Statutes, chapter 136A.

The bill was read for the first time and referred to the Committee on Higher Education Finance and Policy.

Wolgamott introduced:

H. F. No. 4628, A bill for an act relating to higher education; providing supplemental funding for the state grant program; appropriating money.

The bill was read for the first time and referred to the Committee on Higher Education Finance and Policy.

Wolgamott introduced:

H. F. No. 4629, A bill for an act relating to workforce development; appropriating money for a grant to the Boys and Girls Clubs of Central Minnesota.

The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy.

Cha, Lillie, Hill and Johnson, P., introduced:

H. F. No. 4630, A bill for an act relating to retirement; authorizing county commissioners to participate in the health care savings plan; amending Minnesota Statutes 2024, section 352.98, subdivision 3.

The bill was read for the first time and referred to the Committee on State Government Finance and Policy.

Johnson, P.; Cha; Lillie and Hill introduced:

H. F. No. 4631, A bill for an act relating to pensions; modifying employee and employer contributions to the general employees retirement plan; amending Minnesota Statutes 2024, section 353.27, subdivisions 2, 3.

The bill was read for the first time and referred to the Committee on State Government Finance and Policy.

Curran introduced:

H. F. No. 4632, A bill for an act relating to human services; modifying waiver reimagine individualized budget requirements; amending Laws 2021, First Special Session chapter 7, article 13, section 73, as amended.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Feist introduced:

H. F. No. 4633, A bill for an act relating to judiciary; eliminating the public defender co-payment; eliminating partial payment for public defender services; eliminating reimbursement requirements for appointed counsel; establishing retroactive forgiveness of certain payments referred to collections or entered as a civil judgment; amending Minnesota Statutes 2024, section 611.17; repealing Minnesota Statutes 2024, sections 611.20, subdivisions 1, 2; 611.35.

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law.

Frederick introduced:

H. F. No. 4634, A bill for an act relating to human services; providing for behavioral health fund payments for uncollectible withdrawal management debt; extending the span of eligibility for behavioral health fund services; establishing a pilot program to permit additional alternative licensing inspections for substance use disorder treatment programs; authorizing counties to temporarily retain administrative functions related to the behavioral health fund; modifying adolescent substance use disorder treatment rate; modifying funding for withdrawal management start-up and capacity-building grants; requiring reports; amending Minnesota Statutes 2024, sections 254B.03, by adding a subdivision; 254B.04, subdivision 1; 254B.06, by adding subdivisions; Minnesota Statutes 2025 Supplement, sections 254B.04, subdivisions 1a, 6; 254B.0509, subdivision 1; Laws 2025, First Special Session chapter 9, article 4, sections 21; 25; 26; 27; 28; 29; 30.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Hicks introduced:

H. F. No. 4635, A bill for an act relating to employment; prohibiting employers from requiring a driver's license as a condition of employment; amending Minnesota Statutes 2024, section 363A.08, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law.

Hicks introduced:

H. F. No. 4636, A bill for an act relating to human services; modifying medical assistance eligibility redetermination timelines for employed persons with disabilities; amending Minnesota Statutes 2024, section 256B.056, subdivision 7a, by adding subdivisions.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Noor introduced:

H. F. No. 4637, A bill for an act relating to human services; extending the availability of an existing appropriation for the direct care services corps pilot project; amending Laws 2023, chapter 61, article 1, section 67, subdivision 3, as amended; article 9, section 2, subdivision 5, as amended.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Noor introduced:

H. F. No. 4638, A bill for an act relating to human services; requiring compliance training for high-risk medical assistance providers; requiring disclosure of the use of consultants to prepare certain license applications; amending Minnesota Statutes 2025 Supplement, sections 245A.04, subdivisions 1, 7; 245A.05; 256B.051, subdivision 6; 256B.0701, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 256B; repealing Minnesota Statutes 2025 Supplement, sections 256B.051, subdivision 6b; 256B.0701, subdivision 11.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Noor introduced:

H. F. No. 4639, A bill for an act relating to human services; establishing the Department of Human Services home and community-based services early and often licensure and compliance team; amending Minnesota Statutes 2024, section 245A.042, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Noor introduced:

H. F. No. 4640, A bill for an act relating to human services; establishing a Department of Human Services home and community-based services provider support and technical assistance team; amending Minnesota Statutes 2024, section 256.01, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Hill introduced:

H. F. No. 4641, A bill for an act relating to human services; authorizing a supplemental rate for a housing support provider in Washington County; amending Minnesota Statutes 2024, section 256I.05, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Hansen, R., introduced:

H. F. No. 4642, A bill for an act relating to transportation; establishing 988 Suicide and Crisis Lifeline special license plates; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 168.

The bill was read for the first time and referred to the Committee on Transportation Finance and Policy.

Youakim introduced:

H. F. No. 4643, A bill for an act relating to taxation; tax increment financing; authorizing special rules for the city of Hopkins.

The bill was read for the first time and referred to the Committee on Taxes.

Hill introduced:

H. F. No. 4644, A bill for an act relating to state lands; authorizing conveyance of certain surplus land.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance and Policy.

Rehrauer introduced:

H. F. No. 4645, A bill for an act relating to housing; manufactured home parks; clarifying residents' right of first refusal for certain proposed purchase agreements; removing notice requirements for certain offers to purchase a park; amending Minnesota Statutes 2024, section 327C.095, subdivision 6; repealing Minnesota Statutes 2024, section 327C.097.

The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy.

Cha and Buck introduced:

H. F. No. 4646, A bill for an act relating to education; establishing a state statistics literacy graduation seal; proposing coding for new law in Minnesota Statutes, chapter 120B.

The bill was read for the first time and referred to the Committee on Education Policy.

Coulter and Norris introduced:

H. F. No. 4647, A bill for an act relating to taxation; property tax refunds; excluding scholarships, dependent flexible spending accounts, and health flexible spending accounts from the income definition used by the homestead credit refund program; amending Minnesota Statutes 2025 Supplement, section 290A.03, subdivision 3.

The bill was read for the first time and referred to the Committee on Taxes.

Hanson, J., introduced:

H. F. No. 4648, A bill for an act relating to state government; authorizing additional compensation to certain state employees when an agency does not make a scheduled payroll payment; amending Minnesota Statutes 2024, section 16A.17, subdivision 8.

The bill was read for the first time and referred to the Committee on State Government Finance and Policy.

Feist introduced:

H. F. No. 4649, A bill for an act relating to public safety; determining responsibility for detention costs in certain juvenile delinquency matters; amending Minnesota Statutes 2024, section 260B.181, subdivision 5.

The bill was read for the first time and referred to the Committee on Public Safety Finance and Policy.

Bahner and Robbins introduced:

H. F. No. 4650, A bill for an act relating to state government; addressing gaps in identifying and investigating hate incidents and hate crimes targeting persons of Asian and Asian Indian descent; establishing Office of Ombudsperson for Anti-Asian, Anti-Asian Indian, and Anti-Religious Hate Prevention; providing duties and authority; requiring reports; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 15.

The bill was read for the first time and referred to the Committee on State Government Finance and Policy.

Momanyi-Hiltsley introduced:

H. F. No. 4651, A bill for an act relating to human services; modifying program integrity requirements for the medical assistance program; directing the commissioner of human services to create a medical assistance program integrity advisory board; directing the commissioner of human services to make recommendations on provider enrollment standards, modernizing program integrity infrastructure, and program integrity interventions; directing the commissioner of human services to conduct audits; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 245.095, by adding a subdivision; 256B.064, subdivisions 1b, 1d, 2, 3, 4, 5, by adding subdivisions; Minnesota Statutes 2025 Supplement, sections 15.013, by adding a subdivision; 256B.064, subdivision 1a.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Lee, X., introduced:

H. F. No. 4652, A bill for an act relating to economic development; appropriating money for grants to Ignite Businesswomen Investment Group Foundation.

The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy.

Frazier introduced:

H. F. No. 4653, A bill for an act relating to corrections; providing for increased indemnification for tort claims against government officials; amending Minnesota Statutes 2024, sections 3.736, subdivision 4; 466.04, subdivision 1; repealing Minnesota Statutes 2024, sections 3.736, subdivisions 5, 6; 466.05.

The bill was read for the first time and referred to the Committee on Public Safety Finance and Policy.

Kotyza-Witthuhn introduced:

H. F. No. 4654, A bill for an act relating to child care; modifying the great start compensation support payments grant program; amending Minnesota Statutes 2024, section 142D.21, subdivision 3.

The bill was read for the first time and referred to the Committee on Children and Families Finance and Policy.

Kotyza-Witthuhn introduced:

H. F. No. 4655, A bill for an act relating to child care; modifying child care center staff training requirements; amending Minnesota Statutes 2024, section 142B.65, subdivision 5.

The bill was read for the first time and referred to the Committee on Children and Families Finance and Policy.

Lee, F., introduced:

H. F. No. 4656, A bill for an act relating to capital investment; appropriating money for community tree-planting grants; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Capital Investment.

Mahamoud introduced:

H. F. No. 4657, A bill for an act relating to capital investment; modifying a prior appropriation for a capital project grant to CornerHouse; amending Laws 2023, chapter 71, article 1, section 14, subdivision 54.

The bill was read for the first time and referred to the Committee on Capital Investment.

Johnson, P., introduced:

H. F. No. 4658, A bill for an act relating to retirement; Teachers Retirement Association; modifying the early retirement reduction factors for annuity commencement before normal retirement age; increasing employer contributions; appropriating money; amending Minnesota Statutes 2025 Supplement, sections 126C.10, subdivision 37; 354.44, subdivision 6.

The bill was read for the first time and referred to the Committee on State Government Finance and Policy.

Roach introduced:

H. F. No. 4659, A bill for an act relating to state government; prohibiting the state and municipalities from entering into nondisclosure agreements; proposing coding for new law in Minnesota Statutes, chapters 15; 471.

The bill was read for the first time and referred to the Committee on State Government Finance and Policy.

Scott introduced:

H. F. No. 4660, A bill for an act relating to family law; modifying provisions related to parenting time determinations; amending Minnesota Statutes 2024, section 518.175, subdivision 1.

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law.

Scott introduced:

H. F. No. 4661, A bill for an act relating to government data practices; updating automated license plate reader provisions to address the role of third-party service providers; amending Minnesota Statutes 2024, section 13.824, subdivisions 1, 6, 7.

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law.

Scott introduced:

H. F. No. 4662, A bill for an act relating to family law; modifying requirements for a temporary order in a family law case; amending Minnesota Statutes 2024, section 518.131, subdivision 11.

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law.

Gillman introduced:

H. F. No. 4663, A bill for an act relating to taxation; local sales and use; authorizing the city of Glencoe to impose a local sales tax.

The bill was read for the first time and referred to the Committee on Taxes.

Robbins, Scott, Mekeland and Dotseth introduced:

H. F. No. 4664, A bill for an act relating to fraud prevention; clarifying that certain actions by public officers and employees constitute misconduct; increasing the penalty for repeated misconduct of public officer or employee; increasing the statute of limitations for misconduct of public officer or employee; making the offense of public misconduct of public officer or employee ineligible for automatic expungement; amending Minnesota Statutes 2024, sections 3.978, subdivision 3; 609.43; 609A.015, subdivision 3; Minnesota Statutes 2025 Supplement, section 628.26.

The bill was read for the first time and referred to the Committee on State Government Finance and Policy.

McDonald, Altendorf, Davis and Quam introduced:

H. F. No. 4665, A bill for an act relating to elections; reducing the number of proof of residence oaths a person can sign on any election day from eight to two; amending Minnesota Statutes 2025 Supplement, section 201.061, subdivision 3.

The bill was read for the first time and referred to the Committee on Elections Finance and Government Operations.

Torkelson introduced:

H. F. No. 4666, A bill for an act relating to the Minnesota Paid Leave Law; transferring money from the family and medical benefit insurance account to the general fund.

The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy.

Quam introduced:

H. F. No. 4667, A bill for an act relating to transportation; establishing Minnesota food banks special license plates; proposing coding for new law in Minnesota Statutes, chapter 168.

The bill was read for the first time and referred to the Committee on Transportation Finance and Policy.

Baker, Frazier, Buck, Cha and Lillie introduced:

H. F. No. 4668, A bill for an act relating to economic development; modifying the film production credit; amending Minnesota Statutes 2024, section 116U.27, subdivisions 1, 4, 5; Minnesota Statutes 2025 Supplement, section 116U.27, subdivision 2.

The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy.

Roach introduced:

H. F. No. 4669, A bill for an act relating to local government; allowing local government noncompliance with unfunded mandates; proposing coding for new law in Minnesota Statutes, chapters 373; 471.

The bill was read for the first time and referred to the Committee on Elections Finance and Government Operations.

Swedzinski introduced:

H. F. No. 4670, A bill for an act relating to transportation; providing for identification of a lifetime permit to discharge a firearm or bow and arrow from a stationary motor vehicle on drivers' licenses and Minnesota identification cards; amending Minnesota Statutes 2024, sections 97B.055, subdivision 3; 171.07, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Transportation Finance and Policy.

Sexton introduced:

H. F. No. 4671, A bill for an act relating to transportation; establishing curl in Minnesota special license plates; proposing coding for new law in Minnesota Statutes, chapter 168.

The bill was read for the first time and referred to the Committee on Transportation Finance and Policy.

Swedzinski, Schomacker and Skraba introduced:

H. F. No. 4672, A bill for an act relating to higher education; imposing an in-state residency and work requirement for recipients of North Star Promise scholarships; limiting North Star Promise scholarships to students enrolled in programs of study that lead to employment in high-demand industries and occupations; amending Minnesota Statutes 2024, section 136A.1465, subdivision 10, by adding subdivisions; Minnesota Statutes 2025 Supplement, section 136A.1465, subdivision 2.

The bill was read for the first time and referred to the Committee on Higher Education Finance and Policy.

Allen introduced:

H. F. No. 4673, A bill for an act relating to commerce; requiring access to E-15 gasoline; requiring the Department of Agriculture to monitor E-15 supply and prices; requiring the Department of Agriculture to issue waivers; requiring the Department of Revenue to certify application information; authorizing rulemaking; proposing coding for new law in Minnesota Statutes, chapter 239.

The bill was read for the first time and referred to the Committee on Transportation Finance and Policy.

Schomacker introduced:

H. F. No. 4674, A bill for an act relating to health; creating an exception to assisted living facility minimum site, physical environment, and fire safety requirements for a facility in Hennepin County; amending Minnesota Statutes 2025 Supplement, section 144G.45, subdivision 8.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Nadeau and Virnig introduced:

H. F. No. 4675, A bill for an act relating to human services; establishing a Human Services Systems Steering Committee; requiring reports; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

McDonald, Hussein, Vang and Lillie introduced:

H. F. No. 4676, A bill for an act relating to legacy; requiring recipients of legacy money to include alternative text on websites to describe legacy logo; amending Minnesota Statutes 2024, sections 85.53, subdivision 2; 97A.056, subdivision 11; 114D.50, subdivision 4; Minnesota Statutes 2025 Supplement, section 129D.17, subdivision 2.

The bill was read for the first time and referred to the Committee on Legacy Finance.

Dauids and Kozlowski introduced:

H. F. No. 4677, A bill for an act relating to taxation; property; establishing exemption for certain property owned by an Indian Tribe; amending Minnesota Statutes 2024, section 272.02, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

Dauids and Kozlowski introduced:

H. F. No. 4678, A bill for an act relating to taxation; property; modifying exemption for certain property owned by an Indian Tribe; amending Minnesota Statutes 2024, section 272.02, subdivision 101.

The bill was read for the first time and referred to the Committee on Taxes.

Fogelman and Kozlowski introduced:

H. F. No. 4679, A bill for an act relating to transportation; modifying escort requirements for certain oversized loads; amending Minnesota Statutes 2024, section 169.812, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Transportation Finance and Policy.

Robbins introduced:

H. F. No. 4680, A bill for an act relating to capital investment; appropriating money for improvements at the wastewater treatment facility in the city of Greenfield; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Capital Investment.

Novotny introduced:

H. F. No. 4681, A bill for an act relating to taxation; local sales and use; amending the authorization for the city of Elk River to impose a local sales tax; amending Laws 2019, First Special Session chapter 6, article 6, section 17, subdivisions 1, 3, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

Heintzeman introduced:

H. F. No. 4682, A bill for an act relating to civil law; modifying immunity for agritourism related to off-road vehicle trails; amending Minnesota Statutes 2024, section 604A.40, subdivision 1.

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law.

O'Driscoll and Jordan introduced:

H. F. No. 4683, A bill for an act relating to economic development; appropriating money for a nanoparticle iron nitride permanent magnet manufacturing facility.

The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy.

Robbins, Scott, Mekeland, Dotseth and Rymer introduced:

H. F. No. 4684, A bill for an act relating to fraud; requiring nonemergency medical transportation providers to operate vehicles equipped with a global positioning system and rear-facing camera, compile certain information for each trip, and retain recordings for two years; amending Minnesota Statutes 2024, section 256B.0625, subdivisions 17b, 18h; Minnesota Statutes 2025 Supplement, sections 174.30, subdivision 3; 256B.0625, subdivision 17.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Nash and Davis introduced:

H. F. No. 4685, A bill for an act relating to state government; rejecting appointments not confirmed within 30 days; amending Minnesota Statutes 2024, section 15.066, subdivision 3.

The bill was read for the first time and referred to the Committee on State Government Finance and Policy.

Davids, Virnig and Swedzinski introduced:

H. F. No. 4686, A bill for an act relating to taxation; making certain school district lease levy amounts eligible for the school building bond agricultural credit; amending Minnesota Statutes 2024, section 275.07, subdivision 2.

The bill was read for the first time and referred to the Committee on Taxes.

Nash introduced:

H. F. No. 4687, A bill for an act relating to state government; eliminating automatic appointment confirmation when the legislature does not take up a confirmation; repealing Minnesota Statutes 2024, section 15.066, subdivision 3.

The bill was read for the first time and referred to the Committee on State Government Finance and Policy.

West introduced:

H. F. No. 4688, A bill for an act relating to cannabis; allowing certain cannabis license holders to transport products to testing facilities; amending Minnesota Statutes 2024, section 342.31, subdivision 1; Minnesota Statutes 2025 Supplement, sections 342.28, subdivision 1; 342.29, subdivision 1; 342.30, subdivision 1.

The bill was read for the first time and referred to the Committee on Commerce Finance and Policy.

Myers introduced:

H. F. No. 4689, A bill for an act relating to capital investment; appropriating money for municipal infrastructure improvements in the city of Spring Park; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Capital Investment.

Schomacker introduced:

H. F. No. 4690, A bill for an act relating to human services; modifying the nursing facility level of care for purposes of certain home and community-based waiver services; amending Minnesota Statutes 2024, sections 144.0724, by adding a subdivision; 256B.0911, subdivision 26; Minnesota Statutes 2025 Supplement, section 144.0724, subdivisions 2, 11.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Franson introduced:

H. F. No. 4691, A bill for an act relating to game and fish; allowing the use of motorized waterfowl boats in wildlife management areas under certain conditions; amending Minnesota Statutes 2024, section 97A.133, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance and Policy.

Joy, Knudsen, Murphy, Schultz, Gordon, Sexton, Van Binsbergen, Koznick, Scott, Mekeland, Dotseth and Rymer introduced:

H. F. No. 4692, A bill for an act relating to employment; making the paid family and medical leave program optional for both employers and employees; proposing coding for new law in Minnesota Statutes, chapter 268B.

The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy.

Joy introduced:

H. F. No. 4693, A bill for an act relating to transportation; eliminating fees for certain replacement license plates and validation stickers; amending Minnesota Statutes 2024, sections 168.29; 168.33, subdivision 7.

The bill was read for the first time and referred to the Committee on Transportation Finance and Policy.

O'Driscoll introduced:

H. F. No. 4694, A bill for an act relating to retirement; modifying certain deferred compensation plan requirements; amending Minnesota Statutes 2024, section 356.24, subdivision 3.

The bill was read for the first time and referred to the Committee on State Government Finance and Policy.

O'Driscoll introduced:

H. F. No. 4695, A bill for an act relating to insurance; modifying the effective date for certain provisions governing Medicare supplement insurance; amending Laws 2025, First Special Session chapter 4, article 5, sections 1; 2; 3; 4; 5; 6; 7; 8; 9.

The bill was read for the first time and referred to the Committee on Commerce Finance and Policy.

Schwartz, Robbins, Allen and Novotny introduced:

H. F. No. 4696, A bill for an act relating to workforce development; providing authority for state-level implementation of federal Workforce Pell Grants; proposing coding for new law in Minnesota Statutes, chapter 116L.

The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy.

Kresha introduced:

H. F. No. 4697, A bill for an act relating to aeronautics; prohibiting certain restrictions on fuel distribution; amending Minnesota Statutes 2024, section 360.015, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Transportation Finance and Policy.

Duran and Robbins introduced:

H. F. No. 4698, A bill for an act relating to higher education; appropriating money to the Minnesota State Colleges and Universities for identity verification software to combat enrollment fraud.

The bill was read for the first time and referred to the Committee on Higher Education Finance and Policy.

Stier and Witte introduced:

H. F. No. 4699, A bill for an act relating to public safety; increasing penalties for unlawful possession of firearms; amending Minnesota Statutes 2024, sections 609.165, subdivision 1b; 624.713, subdivision 2; 624.7141, subdivisions 1, 2.

The bill was read for the first time and referred to the Committee on Public Safety Finance and Policy.

Stier and Witte introduced:

H. F. No. 4700, A bill for an act relating to public safety; increasing funding for peace officer training reimbursement; amending Laws 2025, chapter 35, article 2, section 4.

The bill was read for the first time and referred to the Committee on Public Safety Finance and Policy.

Rymer introduced:

H. F. No. 4701, A bill for an act relating to taxation; local sales and use; authorizing the city of Taylors Falls to impose a local sales and use tax.

The bill was read for the first time and referred to the Committee on Taxes.

Sexton introduced:

H. F. No. 4702, A bill for an act relating to capital investment; requiring the legislative auditor to conduct a cost-benefit analysis of certain sustainability-related building standards; appropriating money.

The bill was read for the first time and referred to the Committee on State Government Finance and Policy.

Igo introduced:

H. F. No. 4703, A bill for an act relating to energy; appropriating money for a study evaluating the potential to construct nuclear-powered electric generating facilities in Minnesota.

The bill was read for the first time and referred to the Committee on Energy Finance and Policy.

Scott, Hudson, Baker, Stier and Gillman introduced:

H. F. No. 4704, A bill for an act relating to state government; proposing an amendment to the Minnesota Constitution, article XI, by adding a section; exempting local governments and school districts from state mandates unless funding is provided to comply with the mandate; providing implementation language; authorizing contested case hearings; requiring a report; proposing coding for new law in Minnesota Statutes, chapter 465.

The bill was read for the first time and referred to the Committee on Education Finance.

Nelson introduced:

H. F. No. 4705, A bill for an act relating to family law; requiring certain intended parents to adopt the child; proposing coding for new law in Minnesota Statutes, chapter 257E.

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law.

Mekeland, Wolgamott and Lawrence introduced:

H. F. No. 4706, A bill for an act relating to energy; establishing the propane school bus deployment program; requiring a report; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 216C.

The bill was read for the first time and referred to the Committee on Energy Finance and Policy.

Nelson introduced:

H. F. No. 4707, A bill for an act relating to taxation; property; modifying class 2 agricultural property classification to include certain farm wineries; amending Minnesota Statutes 2025 Supplement, section 273.13, subdivision 23.

The bill was read for the first time and referred to the Committee on Taxes.

Mueller introduced:

H. F. No. 4708, A bill for an act relating to employment; providing that employer reporting of fraud is not retaliation; amending Minnesota Statutes 2024, section 268B.09, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy.

Mueller introduced:

H. F. No. 4709, A bill for an act relating to taxation; property; establishing exemption for an electric generation facility; amending Minnesota Statutes 2024, section 272.02, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

Zelevnikar introduced:

H. F. No. 4710, A bill for an act relating to capital investment; appropriating money for sewer and water infrastructure in the city of Rice Lake; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Capital Investment.

Igo introduced:

H. F. No. 4711, A bill for an act relating to energy; requiring the inclusion of nuclear power as an optional resource in a utility's integrated resource plan; requiring the state to apply for federal funding related to nuclear-powered electric generating plants; amending Minnesota Statutes 2024, section 216B.2422, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 216C.

The bill was read for the first time and referred to the Committee on Energy Finance and Policy.

Schultz introduced:

H. F. No. 4712, A bill for an act relating to health; authorizing use of private residential pools for certified swimming classes; amending Minnesota Statutes 2024, section 144.1222, subdivision 4, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Health Finance and Policy.

Fogelman introduced:

H. F. No. 4713, A bill for an act relating to taxation; individual income; providing a subtraction for certain medals and prizes; amending Minnesota Statutes 2024, section 290.0132, by adding a subdivision; Minnesota Statutes 2025 Supplement, section 290.091, subdivision 2.

The bill was read for the first time and referred to the Committee on Taxes.

Warwas and Gottfried introduced:

H. F. No. 4714, A bill for an act relating to human services; creating the legislative working group on intellectual and developmental disabilities; providing appointments; requiring a report; appropriating money.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Dippel introduced:

H. F. No. 4715, A bill for an act relating to human services; requiring comparison of actual expenditures in forecasted programs to projected spending from prior forecasts; requiring notice to the legislative auditor when actual expenditures deviate from projected spending by a specified amount; establishing contingent cancellation of certain forecasted programs and services if actual expenditures deviate from projected spending by a specified amount; providing direction to the commissioner of management and budget regarding how to account for contingent cancellations of forecasted programs and services when preparing certain forecasts; requiring notice to certain committees; appropriating money; amending Minnesota Statutes 2024, sections 3.972, subdivisions 2a, 2b, by adding a subdivision; 16A.103, by adding a subdivision; 142A.03, by adding subdivisions; 256.01, by adding subdivisions.

The bill was read for the first time and referred to the Committee on Human Services Finance and Policy.

Swedzinski, Davids, Robbins and Harder introduced:

H. F. No. 4716, A bill for an act relating to taxation; sales and use; providing an exemption for construction materials for certain projects financed through an act relating to capital investment.

The bill was read for the first time and referred to the Committee on Taxes.

Murphy introduced:

H. F. No. 4717, A bill for an act relating to transportation; modifying tax on electricity sold as vehicle fuel; appropriating money; amending Minnesota Statutes 2024, section 297A.67, by adding a subdivision; Minnesota Statutes 2025 Supplement, sections 296A.01, subdivisions 43a, 43b; 296A.051; 296A.075, subdivisions 1, 2, 3, 5; 296A.19; 296A.22, subdivision 3.

The bill was read for the first time and referred to the Committee on Taxes.

Murphy introduced:

H. F. No. 4718, A bill for an act relating to taxation; sales and use; authorizing the city of Vergas to impose a local sales and use tax.

The bill was read for the first time and referred to the Committee on Taxes.

MOTIONS AND RESOLUTIONS

Feist moved that the name of Xiong be added as an author on H. F. No. 103. The motion prevailed.

Johnson, P., moved that the name of Franson be added as an author on H. F. No. 445. The motion prevailed.

Myers moved that the name of Johnson, W., be added as an author on H. F. No. 641. The motion prevailed.

Kraft moved that the name of Xiong be added as an author on H. F. No. 771. The motion prevailed.

Nash moved that the name of Davis be added as an author on H. F. No. 936. The motion prevailed.

Harder moved that the name of Gander be added as an author on H. F. No. 964. The motion prevailed.

Reyer moved that the name of Davids be added as an author on H. F. No. 1049. The motion prevailed.

Bennett moved that the name of Mueller be added as chief author on H. F. No. 1490. The motion prevailed.

Gillman moved that the name of Koznick be added as an author on H. F. No. 1724. The motion prevailed.

Robbins moved that the name of Warwas be added as an author on H. F. No. 2113. The motion prevailed.

Kraft moved that the name of Xiong be added as an author on H. F. No. 2317. The motion prevailed.

Davids moved that the name of Repinski be added as an author on H. F. No. 3127. The motion prevailed.

Tabke moved that the name of Curran be added as an author on H. F. No. 3155. The motion prevailed.

Pérez-Vega moved that the name of Xiong be added as an author on H. F. No. 3181. The motion prevailed.

Momanyi-Hiltsley moved that the name of Freiberg be added as an author on H. F. No. 3198. The motion prevailed.

Moller moved that the name of Wolgamott be added as an author on H. F. No. 3230. The motion prevailed.

Burkel moved that the name of Schultz be added as an author on H. F. No. 3236. The motion prevailed.

Roach moved that the name of Jacob be added as an author on H. F. No. 3237. The motion prevailed.

Pursell moved that the name of Feist be added as an author on H. F. No. 3258. The motion prevailed.

Sencer-Mura moved that the name of Xiong be added as an author on H. F. No. 3410. The motion prevailed.

Sencer-Mura moved that the name of Xiong be added as an author on H. F. No. 3415. The motion prevailed.

Agbaje moved that the name of Xiong be added as an author on H. F. No. 3424. The motion prevailed.

Koznick moved that the name of Robbins be added as an author on H. F. No. 3441. The motion prevailed.

Johnson, P., moved that the name of Xiong be added as an author on H. F. No. 3468. The motion prevailed.

Bennett moved that the names of Clardy and Jordan be added as authors on H. F. No. 3489. The motion prevailed.

Koznick moved that the name of Robbins be added as an author on H. F. No. 3507. The motion prevailed.

Olson moved that the name of Repinski be added as an author on H. F. No. 3532. The motion prevailed.

Schomacker moved that the name of Schomacker be stricken as an author on H. F. No. 3609. The motion prevailed.

Koegel moved that the name of Witte be added as an author on H. F. No. 3642. The motion prevailed.

Virnig moved that the name of Warwas be added as an author on H. F. No. 3691. The motion prevailed.

Gottfried moved that the name of Gordon be added as an author on H. F. No. 3698. The motion prevailed.

Clardy moved that the name of Hill be added as an author on H. F. No. 3715. The motion prevailed.

Koegel moved that the name of Sencer-Mura be added as an author on H. F. No. 3728. The motion prevailed.

Bakeberg moved that the name of Frazier be added as an author on H. F. No. 3753. The motion prevailed.

Hicks moved that the name of Feist be added as an author on H. F. No. 3780. The motion prevailed.

Hollins moved that the name of Wolgamott be added as an author on H. F. No. 3801. The motion prevailed.

Sencer-Mura moved that the name of Rehm be added as an author on H. F. No. 3857. The motion prevailed.

Lee, K., moved that the name of Xiong be added as an author on H. F. No. 3863. The motion prevailed.

Moller moved that the name of Curran be added as an author on H. F. No. 3871. The motion prevailed.

Sencer-Mura moved that the name of Xiong be added as an author on H. F. No. 3886. The motion prevailed.

Scott moved that the name of Kraft be added as an author on H. F. No. 3893. The motion prevailed.

Jones moved that the name of Xiong be added as an author on H. F. No. 3907. The motion prevailed.

Hanson, J., moved that the name of Xiong be added as an author on H. F. No. 3909. The motion prevailed.

Klevorn moved that the name of Tabke be added as an author on H. F. No. 3938. The motion prevailed.

Novotny moved that the name of Curran be added as an author on H. F. No. 3990. The motion prevailed.

Warwas moved that the name of Feist be added as an author on H. F. No. 4005. The motion prevailed.

Greene moved that the name of Virnig be added as an author on H. F. No. 4072. The motion prevailed.

Smith moved that the name of Xiong be added as an author on H. F. No. 4073. The motion prevailed.

Greenman moved that the name of Pursell be added as an author on H. F. No. 4077. The motion prevailed.

Hansen, R., moved that the names of Xiong, Pursell and Liebling be added as authors on H. F. No. 4080. The motion prevailed.

Norris moved that the name of Greene be added as an author on H. F. No. 4130. The motion prevailed.

Greenman moved that the name of Pursell be added as an author on H. F. No. 4131. The motion prevailed.

Kotyza-Witthuhn moved that the name of Tabke be added as an author on H. F. No. 4136. The motion prevailed.

Nadeau moved that the name of Pursell be added as an author on H. F. No. 4145. The motion prevailed.

Duran moved that the name of Repinski be added as an author on H. F. No. 4161. The motion prevailed.

Rehrauer moved that the name of Repinski be added as an author on H. F. No. 4171. The motion prevailed.

Hicks moved that the name of Xiong be added as an author on H. F. No. 4215. The motion prevailed.

Franson moved that the name of Gillman be added as an author on H. F. No. 4288. The motion prevailed.

Olson moved that the name of Bakeberg be added as an author on H. F. No. 4316. The motion prevailed.

Frazier moved that the name of Pursell be added as an author on H. F. No. 4342. The motion prevailed.

Coulter moved that the name of Pursell be added as an author on H. F. No. 4362. The motion prevailed.

Kozlowski moved that the name of Pursell be added as an author on H. F. No. 4378. The motion prevailed.

Bierman moved that the name of Repinski be added as an author on H. F. No. 4379. The motion prevailed.

Jordan moved that the name of Pursell be added as an author on H. F. No. 4380. The motion prevailed.

Liebling moved that the names of Smith and Hicks be added as authors on H. F. No. 4399. The motion prevailed.

Davids moved that the name of Tabke be added as an author on H. F. No. 4410. The motion prevailed.

Baker moved that the name of Jordan be added as an author on H. F. No. 4415. The motion prevailed.

Koznick moved that the name of Tabke be added as an author on H. F. No. 4417. The motion prevailed.

Johnson, P., moved that the name of Repinski be added as an author on H. F. No. 4446. The motion prevailed.

Johnson, P., moved that the name of Norris be added as an author on H. F. No. 4448. The motion prevailed.

Hollins moved that the name of Pursell be added as an author on H. F. No. 4468. The motion prevailed.

Hollins moved that the name of Pursell be added as an author on H. F. No. 4469. The motion prevailed.

Reyer moved that the names of Smith and Davids be added as authors on H. F. No. 4472. The motion prevailed.

Xiong moved that the name of Pursell be added as an author on H. F. No. 4477. The motion prevailed.

Perryman moved that the name of Repinski be added as an author on H. F. No. 4502. The motion prevailed.

Smith moved that the names of Lillie; Hansen, R.; Pursell; Xiong and Rehrauer be added as authors on H. F. No. 4512. The motion prevailed.

Jordan moved that the name of Rehrauer be added as an author on H. F. No. 4515. The motion prevailed.

Hollins moved that the name of Rehrauer be added as an author on H. F. No. 4539. The motion prevailed.

Pérez-Vega moved that the names of Xiong and Hansen, R., be added as authors on H. F. No. 4541. The motion prevailed.

Frazier moved that the names of Schomacker and Lee, F., be added as authors on H. F. No. 4543. The motion prevailed.

Agbaje moved that the name of Xiong be added as an author on H. F. No. 4553. The motion prevailed.

Hollins moved that the name of Pursell be added as an author on H. F. No. 4565. The motion prevailed.

Franson moved that the names of Backer and Perryman be added as authors on H. F. No. 4566. The motion prevailed.

Knudsen moved that the name of Backer be added as an author on H. F. No. 4568. The motion prevailed.

Harder moved that the name of Schwartz be added as an author on H. F. No. 4575. The motion prevailed.

Anderson, P. E., moved that the name of Schwartz be added as an author on H. F. No. 4578. The motion prevailed.

Mueller moved that the name of Huot be added as an author on H. F. No. 4584. The motion prevailed.

Myers moved that the name of Frazier be added as an author on H. F. No. 4585. The motion prevailed.

Myers moved that the names of Backer and Schwartz be added as authors on H. F. No. 4586. The motion prevailed.

Myers moved that the name of Schwartz be added as an author on H. F. No. 4588. The motion prevailed.

Nash moved that the name of Kraft be added as an author on H. F. No. 4591. The motion prevailed.

Robbins moved that the names of Backer, Schwartz and Perryman be added as authors on H. F. No. 4593. The motion prevailed.

Witte moved that the name of Rehrauer be added as an author on H. F. No. 4597. The motion prevailed.

Kotyza-Witthuhn moved that the name of Xiong be added as an author on H. F. No. 4609. The motion prevailed.

Lillie moved that the name of Huot be added as an author on H. F. No. 4610. The motion prevailed.

Olson moved that the name of Repinski be added as an author on H. F. No. 4615. The motion prevailed.

MOTION TO ADJOURN SINE DIE

Kresha moved that the House adjourn sine die.

A roll call was requested and properly seconded.

The question was taken on the Kresha motion and the roll was called. There were 58 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Allen	Bliss	Franson	Jacob	Mekeland	O'Driscoll
Altendorf	Burkel	Gander	Joy	Mueller	Olson
Anderson, P. E.	Dippel	Gillman	Knudsen	Murphy	Perryman
Anderson, P. H.	Dotseth	Harder	Koznick	Nash	Quam
Backer	Duran	Heintzeman	Kresha	Nelson	Rarick
Bakeberg	Engen	Hudson	Lawrence	Niska	Repinski
Baker	Fogelman	Igo	McDonald	Novotny	Roach

Rymer	Scott	Swedzinski	West
Schomacker	Sexton	Torkelson	Wiener
Schultz	Skraba	Van Binsbergen	Witte
Schwartz	Stier	Warwas	Zeleznikar

Those who voted in the negative were:

Acomb	Davis	Greenman	Klevorn	Mahamoud	Reyer
Agbaje	Elkins	Hansen, R.	Koegel	Moller	Robbins
Bahner	Falconer	Hanson, J.	Kotyza-Witthuhn	Momanyi-Hiltsley	Sencer-Mura
Berg	Feist	Hicks	Kozlowski	Myers	Smith
Bierman	Finke	Hill	Kraft	Nadeau	Stephenson
Buck	Fischer	Howard	Lee, F.	Noor	Tabke
Carroll	Frazier	Huot	Lee, K.	Norris	Vang
Cha	Frederick	Hussein	Lee, X.	Pérez-Vega	Virnig
Clardy	Freiberg	Johnson, P.	Liebling	Pinto	Wolgamott
Coulter	Gomez	Jones	Lillie	Pursell	Xiong
Curran	Gottfried	Jordan	Long	Rehm	Youakim
Davids	Greene	Keeler	Luger-Nikolai	Rehrauer	Spk. Demuth

The motion did not prevail.

ADJOURNMENT

Niska moved that when the House adjourns today it adjourn until 3:30 p.m., Thursday, March 26, 2026. The motion prevailed.

Niska moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 3:30 p.m., Thursday, March 26, 2026.

PATRICK DUFFY MURPHY, Chief Clerk, House of Representatives