

STATE OF MINNESOTA

Journal of the House

NINETY-FOURTH SESSION — 2025

THIRTY-SECOND LEGISLATIVE DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MAY 7, 2025

The House of Representatives convened at 11:00 a.m. and was called to order by Lisa Demuth, Speaker of the House.

Prayer was offered by the Reverend Kenneth L. Beale, Jr., United States Army Chaplain (Colonel - Retired), Historic Fort Snelling Memorial Chapel, 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	Dotseth	Heintzeman	Kotzya-Witthuhn	Niska	Scott
Agbaje	Duran	Hemmingsen-Jaeger	Kozlowski	Noor	Sencer-Mura
Allen	Elkins	Her	Koznick	Norris	Sexton
Altendorf	Engen	Hicks	Kraft	Novotny	Skraba
Anderson, P. E.	Falconer	Hill	Kresha	O'Driscoll	Smith
Anderson, P. H.	Feist	Hollins	Lawrence	Olson	Stephenson
Backer	Fischer	Hortman	Lee, F.	Pérez-Vega	Stier
Bahner	Fogelman	Howard	Lee, K.	Perryman	Swedzinski
Bakeberg	Franson	Hudson	Liebling	Pinto	Tabke
Baker	Frazier	Huot	Lillie	Pursell	Torkelson
Bennett	Frederick	Hussein	Long	Quam	Van Binsbergen
Berg	Freiberg	Igo	Mahamoud	Rarick	Vang
Bierman	Gander	Jacob	McDonald	Rehm	Virmig
Bliss	Gillman	Johnson, P.	Mekeland	Rehrauer	Warwas
Carroll	Gomez	Johnson, W.	Moller	Repinski	West
Cha	Gordon	Jones	Momanyi-Hiltsley	Reyer	Wiener
Clardy	Gottfried	Jordan	Mueller	Roach	Witte
Coulter	Greene	Joy	Murphy	Robbins	Wolgamott
Curran	Greenman	Keeler	Myers	Rymer	Xiong
Davids	Hansen, R.	Klevorn	Nadeau	Schomacker	Youakim
Davis	Hanson, J.	Knudsen	Nash	Schultz	Zelevnikar
Dippel	Harder	Koegel	Nelson	Schwartz	Spk. Demuth

A quorum was present.

Burkel was excused.

Finke was excused until 3:05 p.m.

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

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 STANDING COMMITTEES AND DIVISIONS

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

H. F. No. 719, A bill for an act relating to capital investment; appropriating money for the safe routes to school grant program; authorizing the sale and issuance of state bonds.

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

The report was adopted.

Davids and Gomez from the Committee on Taxes to which was referred:

H. F. No. 2257, A bill for an act relating to taxation; property; modifying provisions related to exemptions for institutions of public charity; amending Minnesota Statutes 2024, section 272.02, subdivision 7.

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

The report was adopted.

Davids and Gomez from the Committee on Taxes to which was referred:

H. F. No. 2437, A bill for an act relating to taxation; modifying individual income taxes, corporate franchise taxes, property taxes, local government aids, sales and use taxes, and other taxes and tax-related provisions; repealing the assignability of the education credit; making the research credit partially refundable; modifying transfer provisions for the short line railroad credit; modifying the airline flight property tax; modifying provisions related to attachments and appurtenances for property taxes; modifying provisions for leased tax-exempt property; reducing the appropriation for aquatic invasive species prevention aid; lowering the sales and use tax rate and expanding the tax base to include sales of certain professional services; modifying provisions for certificates of rent paid; modifying calculations for payments and other provisions under the Sustainable Forest Incentive Act; repealing local government cannabis aid and partial cannabis tax revenue dedication; repealing provisions related to tax filing modernization; canceling amounts; making related clarifying changes; requiring a report; appropriating money; amending Minnesota Statutes 2024, sections 41A.30, subdivisions 1, 2, 5, 7; 270.075, by adding a subdivision; 270C.445, subdivision 3; 272.02, subdivision 19; 273.19, subdivision 1; 273.38; 273.41; 289A.60, subdivision 12; 290.068, subdivision 3, by adding subdivisions; 290.0693, subdivision 4; 290.0695, subdivisions 1, 3; 290A.19; 290C.07; 295.81, subdivision 10; 297A.61, subdivision 3; 297A.62, subdivision 1; 297A.65; 297F.25, subdivision 1; 477A.19, subdivision 5; repealing Minnesota Statutes 2024, sections 13.4967, subdivision 2a; 270.075, subdivision 1; 290.0679; 477A.32; Laws 2023, chapter 64, article 15, section 24.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2024, section 10A.02, subdivision 11b, is amended to read:

Subd. 11b. **Data privacy related to electronic reporting system.** (a) The board may develop and maintain systems to enable treasurers to enter and store electronic records online for the purpose of complying with this chapter. Data entered into such systems by treasurers or their authorized agents is not government data under chapter 13 and may not be accessed or used by the board for any purpose without the treasurer's written consent. Data from such systems that has been submitted to the board as a filed report is government data under chapter 13.

(b) For purposes of administering the refund under section 290.06, subdivision 23, the board may access or use the following data entered and stored in an electronic reporting system and share the data with the commissioner of revenue: (1) the amount of the contribution; (2) the name and address of the person requesting the refund; (3) any unique identifier for the contribution; (4) the name and campaign identification number of the party or candidate that received the contribution; and (5) the date on which the contribution was received. Data accessed, used, or maintained by the board under this paragraph are classified as nonpublic data, as defined in section 13.02, subdivision 9, and private data on individuals, as defined in section 13.02, subdivision 12.

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

Sec. 2. Minnesota Statutes 2024, section 10A.322, subdivision 4, is amended to read:

Subd. 4. **Refund ~~receipt forms~~ receipts; penalty.** (a) The board must make available to a political party on request and to any candidate for whom an agreement under this section is effective, ~~a supply of official electronic refund receipt forms~~ **receipts** that state in boldface type that:

(1) a contributor who is given a receipt ~~form~~ is eligible to claim a refund as provided in section 290.06, subdivision 23; and

(2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section.

~~The forms must provide duplicate copies of the receipt to be attached to the contributor's claim. An electronic receipt must only be issued for a contribution of \$10 or more. Each receipt must include a unique receipt validation number that allows the commissioner of revenue to verify the information on the receipt with the Campaign Finance Board. A political party or candidate may provide a printed copy of the electronic receipt to the contributor.~~

(b) At least once a week, the board must provide the commissioner of revenue a receipt validation report. For each contribution reported to the board during the week, the report must include:

(1) the date and amount of the contribution;

(2) the name and address of the contributor;

(3) the name and campaign identification number of the party or candidate that received the contribution; and

(4) the receipt validation number assigned to the contribution.

~~(b)~~ (c) The willful issuance of an official refund receipt ~~form or a facsimile of one~~ to any of the candidate's contributors by a candidate or treasurer of a candidate who did not sign an agreement under this section is subject to a civil penalty of up to \$3,000 imposed by the board.

~~(e)~~ (d) The willful issuance of an official refund receipt ~~form or a facsimile~~ to an individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to a civil penalty of up to \$3,000 imposed by the board.

~~(d)~~ (e) A violation of paragraph ~~(b)~~ (c) or ~~(e)~~ (d) is a misdemeanor.

(f) A receipt validation report and a receipt validation number prepared pursuant to this section are private data on individuals, as defined in section 13.02, subdivision 12.

EFFECTIVE DATE. This section is effective for contributions made after December 31, 2026.

Sec. 3. Minnesota Statutes 2024, section 41B.0391, subdivision 4, is amended to read:

Subd. 4. **Authority duties.** (a) The authority shall:

(1) approve and certify or recertify beginning farmers as eligible for the program under this section;

(2) approve and certify or recertify owners of agricultural assets as eligible for the tax credit under subdivision 2 subject to the allocation limits in paragraph (c);

(3) provide necessary and reasonable assistance and support to beginning farmers for qualification and participation in financial management programs approved by the authority;

(4) refer beginning farmers to agencies and organizations that may provide additional pertinent information and assistance; and

(5) notwithstanding section 41B.211, the Rural Finance Authority must share information with the commissioner of revenue to the extent necessary to administer provisions under this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority must annually notify the commissioner of revenue of approval and certification or recertification of beginning farmers and owners of agricultural assets under this section. For credits under subdivision 2, the notification must include the amount of credit approved by the authority and stated on the credit certificate.

(b) The certification of a beginning farmer or an owner of agricultural assets under this section is valid for the year of the certification and the two following years, after which time the beginning farmer or owner of agricultural assets must apply to the authority for recertification.

(c) For credits for owners of agricultural assets allowed under subdivision 2, the authority must not allocate more than \$6,500,000 for taxable years beginning after December 31, 2022, and before January 1, 2024, and \$4,000,000 for each taxable years beginning after December 31, 2023 year. The authority must allocate credits on a first-come, first-served basis beginning on January 1 of each year, except that recertifications for the second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. ~~Any amount authorized but not allocated for taxable years ending before January 1, 2023, is canceled and is not allocated for future taxable years. For taxable years beginning after December 31, 2022, Any amount authorized but not allocated in any taxable year does not cancel and is added to the allocation for the next taxable year. For each taxable year, 50 percent of newly allocated credits must be allocated to emerging farmers. Any portion of a taxable year's newly allocated credits that is reserved for emerging farmers that is not allocated by September 30 May 31 of the taxable year is available for allocation to other credit allocations beginning on October June 1.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 4. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

Subd. 3. **Standards of conduct.** No tax preparer shall:

- (1) without good cause fail to promptly, diligently, and without unreasonable delay complete a client's return;
- (2) obtain the signature of a client to a return or authorizing document that contains blank spaces to be filled in after it has been signed;
- (3) fail to sign a client's return when compensation for services rendered has been made;
- (4) fail to provide on a client's return the preparer tax identification number when required under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;
- (5) fail or refuse to give a client a copy of any document requiring the client's signature within a reasonable time after the client signs the document;
- (6) fail to retain for at least four years a copy of a client's returns;
- (7) fail to maintain a confidential relationship with clients or former clients;
- (8) fail to take commercially reasonable measures to safeguard a client's nonpublic personal information;
- (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or indirectly, any false, deceptive, or misleading statement or representation relating to or in connection with the offering or provision of tax preparation services;
- (10) require a client to enter into a loan arrangement in order to complete a client's return;
- (11) claim credits or deductions on a client's return for which the tax preparer knows or reasonably should know the client does not qualify;
- (12) report a household income on a client's claim filed under chapter 290A that the tax preparer knows or reasonably should know is not accurate;
- (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision 13, 20, 20a, 26, or 28;
- (14) whether or not acting as a taxpayer representative, fail to conform to the standards of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- (15) whether or not acting as a taxpayer representative, engage in any conduct that is incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- (16) whether or not acting as a taxpayer representative, engage in any conduct that is disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated refund for tax preparation services;
- (18) under any circumstances, withhold or fail to return to a client a document provided by the client for use in preparing the client's return;

(19) take control or ownership of a client's refund by any means, including:

(i) directly or indirectly endorsing or otherwise negotiating a check or other refund instrument, including an electronic version of a check;

(ii) directing an electronic or direct deposit of the refund into an account unless the client's name is on the account; and

(iii) establishing or using an account in the preparer's name to receive a client's refund through a direct deposit or any other instrument unless the client's name is also on the account, ~~except that a taxpayer may assign the portion of a refund representing the Minnesota education credit available under section 290.0674 to a bank account without the client's name, as provided under section 290.0679;~~

(20) fail to act in the best interests of the client;

(21) fail to safeguard and account for any money handled for the client;

(22) fail to disclose all material facts of which the preparer has knowledge which might reasonably affect the client's rights and interests;

(23) violate any provision of section 332.37;

(24) include any of the following in any document provided or signed in connection with the provision of tax preparation services:

(i) a hold harmless clause;

(ii) a confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding;

(iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;

(iv) an assignment of or an order for payment of wages or other compensation for services;

(v) a provision in which the client agrees not to assert any claim or defense otherwise available;

(vi) a waiver of any provision of this section or a release of any obligation required to be performed on the part of the tax preparer; or

(vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis; or

(25) if making, providing, or facilitating a refund anticipation loan, fail to provide all disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a form that may be retained by the client.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 5. **[289A.081] DIRECT FREE FILING OF INDIVIDUAL RETURNS.**

Subdivision 1. **Department of Revenue to establish direct file system.** (a) The commissioner must establish an electronic filing system through which taxpayers may directly file an electronic individual income tax return free of charge. The commissioner may contract with a software vendor to develop the filing system required under this section, but the vendor must not offer paid tax preparation services for Minnesota individual income taxpayers for tax years that the system is active, and the filing system must be made available on the Department of Revenue website.

(b) To the extent feasible, the commissioner must coordinate the state filing system under this section with any direct file systems established for filing federal tax returns.

(c) The commissioner must make the system required under this section available for taxable years beginning after December 31, 2025, and at a minimum must allow taxpayers to claim:

(1) the marriage penalty credit under section 290.0675;

(2) the education credit under section 290.0674;

(3) the child and working family credits under sections 290.0661 and 290.0671;

(4) the dependent care credit under section 290.067;

(5) the student loan credit under section 290.0682; and

(6) the renter's credit under section 290.0693.

Subd. 2. **Transfer; fiscal year 2028.** (a) \$2,397,000 in fiscal year 2028 is transferred from the general fund to the tax filing modernization account in the special revenue fund for the free filing system under this section. This is a onetime transfer and the amount to be transferred in fiscal year 2029 and later is \$0.

(b) This subdivision expires July 1, 2028.

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

Sec. 6. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

Subd. 36. **Discharges of indebtedness; coerced debt.** The amount of discharge of indebtedness awarded to a claimant under section 332.74, subdivision 3, is a subtraction.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 7. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

Subd. 37. **Student loan education assistance paid by critical access dental clinics.** (a) The amount of student loan educational assistance payments that is received from a critical access dental clinic is a subtraction.

(b) For the purposes of this subdivision, the following terms have the meanings given.

(c) "Critical access dental clinic" means a dentist or dental clinic that is designated as a critical access dental provider under section 256B.76, subdivision 4.

(d) "Student loan educational assistance payments" means payments by an employer on the education loan of an employee that are included in the definition of educational assistance under section 127(c)(1)(B) of the Internal Revenue Code, disregarding the expiration of that clause. Student loan educational assistance payments are limited to amounts not excluded from gross income under section 127(a)(2) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2025.

Sec. 8. Minnesota Statutes 2024, section 290.06, subdivision 23, is amended to read:

Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum total refund per calendar year for an individual must not exceed \$75 and for a married couple, filing jointly, must not exceed \$150. The commissioner must not issue a refund, whether in one payment or in aggregate, to a taxpayer that exceeds the maximum refund amounts specified in this subdivision. A refund of a contribution is allowed only if the taxpayer files:

(1) a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the chair or treasurer of the party unit, after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request; or

(2) a claim using the electronic filing system authorized in paragraph (i).

The form or claim must include one or more unique receipt validation numbers from receipts issued pursuant to section 10A.322, subdivision 4.

(b) A claim must be filed with the commissioner no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. A taxpayer may file only one claim per calendar year. A claim must be for a minimum of \$10. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270C.405.

~~(b)~~ (c) No refund is allowed under this subdivision for a contribution to a candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25; and

(3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditures of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

~~(c)~~ (d) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major party" or "minor party" includes the aggregate of that party's organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a candidate for judicial office.

"Contribution" means a gift of money.

~~(d)~~ (e) The commissioner shall make copies of the form available to the public and candidates upon request.

~~(e)~~ (f) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

~~(f)~~ (g) The commissioner shall report to the campaign finance and public disclosure board by each August 1 a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.

~~(g)~~ (h) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

~~(h) For a taxpayer who files a claim for refund via the Internet or other electronic means, the commissioner may accept the number on the official receipt as documentation that a contribution was made rather than the actual receipt as required by paragraph (a) (i) The commissioner must establish an electronic filing system by which refunds are claimed.~~

EFFECTIVE DATE. This section is effective for contributions made after December 31, 2026.

Sec. 9. Minnesota Statutes 2024, section 290.0661, is amended by adding a subdivision to read:

Subd. 3a. **Baby bonus.** (a) The credit amount under subdivision 3 is increased by \$100 for each qualifying child of the taxpayer that was born during the taxable year.

(b) The commissioner must disregard credit amounts under this subdivision for the purposes of determining a taxpayer's minimum credit amount under subdivision 9.

(c) The commissioner may establish a process to allow a taxpayer to request an advance payment of the additional amount under this subdivision.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2027.

Sec. 10. Minnesota Statutes 2024, section 290.0695, subdivision 1, is amended to read:

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

(b) "Credit certificate" means the certificate issued by the commissioner of transportation under subdivision 3, paragraph (a).

~~(b)~~ (c) "Eligible taxpayer" means any railroad that is classified by the United States Surface Transportation Board as a Class II or Class III railroad.

~~(c)~~ (d) "Eligible transferee" means any taxpayer subject to tax under this chapter or chapter 297I.

~~(d)~~ (e) "Qualified railroad reconstruction or replacement expenditures" means gross expenditures in the taxable year for maintenance, reconstruction, or replacement of railroad infrastructure, including track, roadbed, bridges, industrial leads and sidings, and track-related structures owned or leased by a Class II or Class III railroad in Minnesota as of January 1, 2021. Qualified railroad reconstruction or replacement expenditures also includes new construction of industrial leads, switches, spurs and sidings and extensions of existing sidings in Minnesota by a Class II or Class III railroad.

(f) "Transfer credit certificate" means the certificate issued to a transferee by the commissioner under subdivision 3, paragraph (d).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 11. Minnesota Statutes 2024, section 290.0695, subdivision 3, is amended to read:

Subd. 3. ~~Transferability~~ **Credit certificates; written agreement required; credit certificate transferability.**

(a) To qualify for a credit under this section, an eligible taxpayer must apply to the commissioner of transportation for a credit certificate. The application for the credit certificate must be in the form and manner prescribed by the commissioner of transportation, in consultation with the commissioner. If the application is approved, the commissioner of transportation must issue the credit certificate to the eligible taxpayer within 30 days of receipt of the application. The credit certificate must state the number of miles of qualified railroad reconstruction or replacement expenditures in the taxable year and the total amount of credit calculated under subdivision 2, paragraph (a). The commissioner of transportation must provide a copy of the credit certificate to the commissioner of revenue. The commissioner of transportation must not issue more than one credit certificate to an eligible taxpayer in a taxable year.

(b) By written agreement, an eligible taxpayer may transfer the credit allowed under this section by written agreement to an eligible transferee. The amount of the transferred credit is limited to the unused, remaining portion of the credit. as follows:

(1) any amount of the credit allowed that is stated in the credit certificate before any of the credit is claimed; or

(2) the entire amount of the credit carryover in each of the five succeeding taxable years.

~~(b)~~ (c) The eligible taxpayer and the eligible transferee must jointly file a copy of the written transfer agreement with the commissioner within 30 days of the transfer. The written agreement must contain the name, address, and taxpayer identification number of the parties to the transfer; the taxable year the eligible taxpayer incurred the qualified expenditures; the amount of credit being transferred; and the taxable year or years for which the transferred credit may be claimed.

~~(c)~~ (d) The commissioner must issue a transfer credit certificate to the transferee within 30 days of the joint filing of a copy of the written transfer agreement with the commissioner.

~~(d) In the case of an audit or assessment, the transferee is liable for repayment of credits claimed in excess of the allowed amount.~~

(e) An eligible taxpayer must not transfer a credit to an eligible transferee more than once in a taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 12. Minnesota Statutes 2024, section 290A.03, subdivision 3, is amended to read:

Subd. 3. **Income.** (a) "Income" means the sum of the following:

- (1) federal adjusted gross income as defined in the Internal Revenue Code; and
- (2) the sum of the following amounts to the extent not included in clause (1):
 - (i) all nontaxable income;
 - (ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;
 - (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;
 - (iv) cash public assistance and relief;
 - (v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;
 - (vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;
 - (vii) workers' compensation;
 - (viii) nontaxable strike benefits;
 - (ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;
 - (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;
 - (xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for the claimant and spouse;
 - (xii) to the extent not included in federal adjusted gross income, distributions received by the claimant or spouse from a traditional or Roth style retirement account or plan;
 - (xiii) nontaxable scholarship or fellowship grants;
 - (xiv) alimony received to the extent not included in the recipient's income;
 - (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

(xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue Code; and

(xvii) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) "Income" does not include:

(1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

(2) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(3) to the extent included in federal adjusted gross income, amounts contributed by the claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed the retirement base amount reduced by the amount of contributions excluded from federal adjusted gross income, but not less than zero;

(4) surplus food or other relief in kind supplied by a governmental agency;

(5) relief granted under this chapter;

(6) child support payments received under a temporary or final decree of dissolution or legal separation;

(7) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16;

(8) alimony paid; ~~or~~

(9) veterans disability compensation paid under title 38 of the United States Code; or

(10) to the extent included in federal adjusted gross income, the amount of discharge of indebtedness awarded to the claimant under section 332.74, subdivision 3.

(c) The sum of the following amounts may be subtracted from income:

(1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(5) for the claimant's fifth dependent, the exemption amount; and

(6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or before December 31 of the year for which the taxes were levied, the exemption amount.

(d) For purposes of this subdivision, the following terms have the meanings given:

(1) "exemption amount" means the exemption amount under section 290.0121, subdivision 1, paragraph (b), for the taxable year for which the income is reported;

(2) "retirement base amount" means the deductible amount for the taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard to whether the claimant or spouse claimed a deduction; and

(3) "traditional or Roth style retirement account or plan" means retirement plans under sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026.

Sec. 13. Minnesota Statutes 2024, section 462A.39, subdivision 5, is amended to read:

Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed 50 percent of the rental housing development project cost. The commissioner shall not award a grant or deferred loans to an eligible project area without certification by the eligible project area that the amount of the grant or deferred loans shall be matched by a local unit of government, business, nonprofit organization, or federally recognized Tribe, with \$1 for every \$2 provided in grant or deferred loans funds. If an eligible project area is selected for an award of a grant or loan under section 462A.40 and the award is funded by contributions to the Minnesota housing tax credit account that are intended for a specific project in the eligible project area, the amount of the award may count toward the matching requirement of this subdivision.

Sec. 14. Minnesota Statutes 2024, section 462A.40, subdivision 2, is amended to read:

Subd. 2. **Use of funds; grant and loan program.** (a) The agency may award grants and loans to be used for workforce housing and for multifamily and single family developments for persons and families of low and moderate income. Allowable use of the funds include: gap financing, as defined in section 462A.33, subdivision 1; new construction; acquisition; rehabilitation; demolition or removal of existing structures; construction financing; permanent financing; interest rate reduction; services enumerated in section 462A.37, subdivision 1, paragraph (k), in existing supportive housing as defined in that paragraph; and refinancing.

(b) The agency may give preference for grants and loans to comparable proposals that include regulatory changes or waivers that result in identifiable cost avoidance or cost reductions, including but not limited to increased density, flexibility in site development standards, or zoning code requirements.

Sec. 15. Minnesota Statutes 2024, section 462A.40, subdivision 3, is amended to read:

Subd. 3. **Eligible recipients; definitions; restrictions; use of funds.** (a) The agency may award a grant or a loan to any recipient that qualifies under subdivision 2. The agency must not award a grant or a loan to a disqualified individual or disqualified business.

(b) For the purposes of this subdivision disqualified individual means:

(1) an individual who or an individual whose immediate family member made a contribution to the account in the current or prior taxable year and received a credit certificate;

(2) an individual who or an individual whose immediate family member owns the housing for which the grant or loan will be used;

(3) an individual who meets the following criteria:

(i) the individual is an officer or principal of a business entity; and

(ii) that business entity made a contribution to the account in the current or previous taxable year and received a credit certificate; or

(4) an individual who meets the following criteria:

(i) the individual directly owns, controls, or holds the power to vote 20 percent or more of the outstanding securities of a business entity; and

(ii) that business entity made a contribution to the account in the current or previous taxable year and received a credit certificate.

(c) For the purposes of this subdivision disqualified business means a business entity that:

(1) made a contribution to the account in the current or prior taxable year and received a credit certificate;

(2) has an officer or principal who is an individual who made a contribution to the account in the current or previous taxable year and received a credit certificate; or

(3) meets the following criteria:

(i) the business entity is directly owned, controlled, or is subject to the power to vote 20 percent or more of the outstanding securities by an individual or business entity; and

(ii) that controlling individual or business entity made a contribution to the account in the current or previous taxable year and received a credit certificate.

(d) For purposes of this subdivision, "immediate family" means the taxpayer's spouse, parent or parent's spouse, sibling or sibling's spouse, or child or child's spouse. For a married couple filing a joint return, the limitations in this subdivision apply collectively to the taxpayer and spouse.

(e) For purposes of this subdivision, "officer or principal" excludes an individual serving as a volunteer board member of a nonprofit organization governed by chapter 317A.

~~(f)~~ (f) Before applying for a grant or loan, all recipients must sign a disclosure that the disqualifications under this subdivision do not apply. The Minnesota Housing Finance Agency must prescribe the form of the disclosure. The Minnesota Housing Finance Agency may rely on the disclosure to determine the eligibility of recipients under paragraph (a).

~~(g)~~ (g) The agency may award grants or loans to a city as defined in section 462A.03, subdivision 21; a federally recognized American Indian tribe or subdivision located in Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a housing and redevelopment authority under sections 469.001 to 469.047; a public housing authority or agency authorized by law to exercise any of the powers granted by sections 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and paragraphs (a) to ~~(f)~~ (f) and ~~(g)~~ (h) of this subdivision, regarding the use of funds and eligible recipients apply to grants and loans awarded under this paragraph.

~~(g)~~ (h) Eligible recipients must use the funds to serve households that meet the income limits as provided in section 462A.33, subdivision 5. This requirement does not apply to a project meeting the requirements of section 462A.39, subdivision 4, paragraph (a).

Sec. 16. Laws 2023, chapter 64, article 15, section 24, is amended to read:

Sec. 24. **TAX FILING MODERNIZATION.**

Subdivision 1. **Account established; appropriation.** A tax filing modernization account is established in the special revenue fund. All funds in the tax filing modernization account are appropriated to the commissioner of revenue for the purposes specified in subdivision 3.

Subd. 2. **Transfer.** \$5,000,000 in fiscal year 2024 is transferred to the tax filing modernization account from the general fund. This is a onetime transfer.

Subd. 3. **Eligible uses.** ~~(a)~~ The commissioner of revenue may use funds in the tax filing modernization account ~~to modernize the state process for filing individual income tax returns, including:~~

- ~~(1) updating and reviewing changes to individual income tax forms resulting from this act;~~
- ~~(2) coordinating the process for filing state individual income tax returns with free filing options for the federal income tax; and~~

~~(3) for development and implementation of state free filing options for the individual income tax, consistent with Minnesota Statutes, section 289A.081.~~

~~(b) Beginning July 1, 2026, the commissioner of revenue may use any unspent funds in the tax filing modernization account to make taxpayer assistance grants to eligible organizations qualifying under section 7526A(e)(2)(B) of the Internal Revenue Code.~~

Subd. 4. **Unspent funds.** Any unspent funds in the tax filing modernization account cancel to the general fund on June 30, ~~2027~~ 2029.

Sec. 17. **CORRECTION OF ERRORS; CERTAIN RETIREMENT CONTRIBUTIONS.**

An annuity contract provider that receives a contribution from an individual to an individual retirement plan on an annuity contract no later than the time prescribed by law under section 219(f)(3) of the Internal Revenue Code, must treat the contribution as having been made on account of the preceding taxable year. This section applies only if the annuity contract provider receives notification from the individual indicating the tax year designation for the contribution within three years from the original due date for filing the return for that taxable year.

EFFECTIVE DATE. This provision is effective retroactively for notifications for contributions made in 2023 only.

Sec. 18. **STIPEND PAYMENTS TO SEIU HEALTHCARE MINNESOTA & IOWA BARGAINING UNIT MEMBERS.**

(a) The commissioner of human services shall issue stipend payments to collective bargaining unit members as required by the labor agreement between the state of Minnesota and the Service Employees International Union (SEIU) Healthcare Minnesota & Iowa.

(b) The definitions in Minnesota Statutes, section 290.01, apply to this section.

(c) For the purposes of this section, "subtraction" has the meaning given in Minnesota Statutes, section 290.0132, subdivision 1, and the rules in that subdivision apply to this section.

(d) The amount of stipend payments received by SEIU Healthcare Minnesota & Iowa collective bargaining unit members under this section is a subtraction.

(e) The amount of stipend payments received by SEIU Healthcare Minnesota & Iowa collective bargaining unit members under this section is excluded from income as defined in Minnesota Statutes, sections 290.0693, subdivision 1, paragraph (i), and 290A.03, subdivision 3.

(f) Notwithstanding any law to the contrary, stipend payments under this section must not be considered income, assets, or personal property for purposes of determining or recertifying eligibility for:

(1) child care assistance programs under Minnesota Statutes, chapter 142E;

(2) general assistance, Minnesota supplemental aid, and food support under Minnesota Statutes, chapter 256D;

(3) housing support under Minnesota Statutes, chapter 256I;

(4) the Minnesota family investment program under Minnesota Statutes, chapter 142G; and

(5) economic assistance programs under Minnesota Statutes, chapter 256P.

(g) The commissioner of human services must not consider stipend payments under this section as income or assets under Minnesota Statutes, section 256B.056, subdivision 1a, paragraph (a); 3; or 3c, or for persons with eligibility determined under Minnesota Statutes, section 256B.057, subdivision 3, 3a, or 3b.

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

Sec. 19. **REPEALER.**

Minnesota Statutes 2024, sections 13.4967, subdivision 2a; and 290.0679, are repealed.

EFFECTIVE DATE. This section is effective for assignments after December 31, 2025.

ARTICLE 2 SALES AND USE TAXES; EXCISE TAXES; LOCAL SALES TAXES

Section 1. Minnesota Statutes 2024, section 270C.15, is amended to read:

270C.15 REVENUE DEPARTMENT SERVICE AND RECOVERY SPECIAL REVENUE FUND.

Subdivision 1. **Fund established; money appropriated.** A Revenue Department service and recovery special revenue fund is created for the purpose of recovering the costs of furnishing government data and related services or products, as well as recovering costs associated with collecting local taxes on sales and the retail delivery fee established under chapter 168E. All money collected under this section is deposited in the Revenue Department service and recovery special revenue fund. Money in the fund is appropriated to the commissioner to reimburse the department for the costs incurred in administering the tax law or providing the data, service, or product. Any money paid to the department as a criminal fine for a violation of state revenue law that is designated by the court to fund enforcement of state revenue law is appropriated to this fund.

Subd. 2. Special rules for fiscal years 2028 and 2029. (a) Of the amount in the fund in subdivision 1 that represents costs associated with collecting local taxes on sales, \$3,000,000 in fiscal year 2028 and \$3,000,000 in fiscal year 2029 are transferred to the general fund. These are onetime transfers and the amount to be transferred in fiscal year 2030 and later is \$0.

(b) This subdivision expires July 1, 2029.

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

Sec. 2. Minnesota Statutes 2024, section 289A.20, subdivision 4, is amended to read:

Subd. 4. Sales and use tax. (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

~~(b) A vendor having a liability of \$250,000 or more during a fiscal year ending June 30, except a vendor of construction materials as defined in paragraph (e), must remit the June liability for the next year in the following manner:~~

~~(1) Two business days before June 30 of calendar year 2020 and 2021, the vendor must remit 87.5 percent of the estimated June liability to the commissioner. Two business days before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5 percent, or a reduced percentage as certified by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the estimated June liability to the commissioner.~~

~~(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.~~

~~(e)~~ (b) A vendor having a liability of:

(1) \$10,000 or more, but less than \$250,000, during a fiscal year must remit by electronic means all net liabilities on returns due for periods beginning in all subsequent calendar years on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4; or

(2) \$250,000 or more during a fiscal year must remit by electronic means all net liabilities in the manner provided in paragraph (a) on returns due for periods beginning in the subsequent calendar year; ~~except that a vendor subject to the remittance requirements of paragraph (b) must remit the percentage of the estimated June liability, as provided in paragraph (b), clause (1), which is due two business days before June 30. The remaining amount of the June liability is due on August 20.~~

~~(d)~~ (c) Notwithstanding paragraph (b) ~~or (e)~~, a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

~~(e) For the purposes of paragraph (b), "vendor of construction materials" means a retailer that sells any of the following construction materials, if 50 percent or more of the retailer's sales revenue for the fiscal year ending June 30 is from the sale of those materials:~~

~~(1) lumber, veneer, plywood, wood siding, wood roofing;~~

~~(2) millwork, including wood trim, wood doors, wood windows, wood flooring; or~~

~~(3) concrete, cement, and masonry.~~

~~(f) Paragraph (b) expires after the percentage of estimated payment is reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).~~

(d) For purposes of this subdivision, "net liability" means liability minus the amount of vendor allowance authorized under section 297A.816.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 3. Minnesota Statutes 2024, section 297A.68, subdivision 3, is amended to read:

Subd. 3. **Materials used in providing certain taxable services.** (a) Materials stored, used, or consumed in providing a taxable service listed in section 297A.61, subdivision 3, paragraph (g), clause (6), intended to be sold ultimately at retail are exempt.

(b) This exemption includes, but is not limited to:

(1) chemicals, lubricants, packaging materials, seeds, trees, fertilizers, and herbicides, if these items are used or consumed in providing the taxable service;

(2) chemicals used to treat waste generated as a result of providing the taxable service;

(3) accessory tools, equipment, and other items that are separate detachable units used in providing the service and that have an ordinary useful life of less than 12 months; and

(4) fuel, electricity, gas, and steam used or consumed in the production process, except that electricity, gas, or steam used for space heating, cooling, or lighting is exempt if (i) it is in excess of average climate control or lighting, and (ii) it is necessary to produce that particular service.

(c) This exemption does not include machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture, and fixtures used in providing the taxable service.

(d) This exemption does not apply to any accessory tools, equipment, and other items that are separate detachable units that have an ordinary useful life of less than 12 months that are used in providing landscaping, gardening, or lawn care services.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 4. Minnesota Statutes 2024, section 297A.68, subdivision 40, is amended to read:

Subd. 40. **Land clearing.** Tree, bush, shrub, and stump removal are exempt when sold to contractors or subcontractors as part of a land clearing contract. For purposes of this subdivision, "land clearing contract" means a contract for the removal of trees, bushes, and shrubs, including the removal of roots and stumps, to develop:

(1) a site. ~~This exemption does not apply to land clearing of; or~~

(2) a portion of a site to allow for remodeling, improvement, or expansion of an existing structure.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 5. Minnesota Statutes 2024, section 297A.77, subdivision 3, is amended to read:

Subd. 3. **Tax must be remitted.** The tax collected by a retailer under this section, except for the amount allowed to be retained by a retailer under section 297A.816, must be remitted to the commissioner as provided in chapter 289A and this chapter.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 6. **[297A.816] VENDOR ALLOWANCE.**

Subdivision 1. **Definitions.** For the purposes of this section:

(1) "eligible taxes" means the total amount of sales taxes collected by a retailer at all locations in Minnesota, excluding the portion of constitutionally required sales taxes imposed under section 297A.62, subdivision 1a;

(2) "qualifying retailer" means a retailer with sales tax liability in the previous fiscal year that is:

(i) not less than \$20,000; and

(ii) not more than \$250,000; and

(3) "reporting period" means the period applicable to the retailer as determined under section 289A.18, subdivision 4.

Subd. 2. **Eligibility.** A qualifying retailer may retain a portion of sales tax collected as a vendor allowance in compensation for the costs of collecting and administering the tax under this chapter. This section applies only if the tax minus the vendor allowance is both reported and remitted to the commissioner in a timely manner as required under chapter 289A.

Subd. 3. **Tax not eligible for allowance.** Use taxes paid by the retailer on the retailer's own purchases are not included in calculating the vendor allowance under this section. All other sales and use taxes collected by a retailer are eligible for the vendor allowance under this section.

Subd. 4. **Calculation of allowance.** (a) For sales and purchases made after June 30, 2025, and before July 1, 2027, a qualifying retailer's vendor allowance equals .254 percent of eligible taxes paid during the reporting period.

(b) For sales and purchases made after June 30, 2027, a qualifying retailer's vendor allowance equals .159 percent of eligible taxes paid during the reporting period.

Subd. 5. **Effect on collections.** To offset the amount retained under this section as a vendor allowance, for each eligible tax, the amount deposited in the state treasury or remitted to the appropriate jurisdiction is proportionally reduced based on the share of the vendor allowance attributable to that tax.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 7. Minnesota Statutes 2024, section 297A.99, subdivision 3a, is amended to read:

Subd. 3a. **Temporary moratorium.** (a) Notwithstanding subdivisions 1, 2, and 3, until after ~~May 31, 2025~~ June 30, 2026, a political subdivision may not engage in any of the following activities in connection with imposing a new local sales and use tax or modifying an existing local sales and use tax:

- (1) any activity described in subdivision 1, paragraph (d);
- (2) adopt a resolution; or
- (3) seek voter approval.

(b) Paragraph (a) does not apply to new local sales and use taxes or modifications to existing local sales and use taxes authorized in May, 2023.

(c) This subdivision expires ~~June~~ July 1, 2025 2026.

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

Sec. 8. Minnesota Statutes 2024, section 297F.01, is amended by adding a subdivision to read:

Subd. 13b. **Premium cigar endorsee.** "Premium cigar endorsee" means a licensed tobacco products distributor with a license endorsement under section 297F.03, subdivision 4a.

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

Sec. 9. Minnesota Statutes 2024, section 297F.03, is amended by adding a subdivision to read:

Subd. 4a. **License endorsement for premium cigars to be sold outside this state.** (a) A licensed tobacco products distributor may obtain a license endorsement allowing the distributor to bring premium cigars into Minnesota exempt from tax imposed under this chapter provided the requirements of section 297F.06, subdivision 6, are satisfied.

(b) Each applicant or premium cigar endorsee must file with the commissioner a bond issued by a corporate surety in good standing and authorized to do business in this state. The bond must:

- (1) be in a form prescribed by the commissioner;
- (2) name the commissioner as the obligee;

(3) be in the amount of \$50,000, or a greater amount if the commissioner finds a greater amount is needed to fully protect the state based on an applicant or premium cigar endorsee's past or current tax liabilities or noncompliance with tax laws and regulations;

(4) be payable to the commissioner for any delinquent tax of the premium cigar endorsee under this chapter and any related fees, penalties, and accrued interest; and

(5) cover the place of business within the state where tobacco products are received by the applicant or premium cigar endorsee.

(c) The applicant or premium cigar endorsee must designate and maintain an agent in this state to accept service of process for all purposes of this section.

(d) A separate license endorsement and separate bond is required for each tobacco products distributor location where products that qualify for this exemption are stored.

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

Sec. 10. Minnesota Statutes 2024, section 297F.04, is amended to read:

297F.04 LICENSE AND ENDORSEMENT SUSPENSION, CANCELLATION, NONRENEWAL, OR REVOCATION.

Subdivision 1. **Powers of commissioner.** The commissioner may revoke or suspend the license or licenses and any endorsement or endorsements of any distributor or subjobber for violation of this chapter, any other act applicable to the sale of cigarettes or tobacco products, or any rule promulgated by the commissioner, in furtherance of this chapter.

Subd. 2. **Refusal to issue or renew; revocation.** The commissioner must not issue or renew a license or endorsement under this chapter, and may revoke a license or endorsement under this chapter, if the applicant or licensee:

(1) owes \$500 or more in delinquent taxes as defined in section 270C.72, subdivision 2;

(2) after demand, has not filed tax returns required by the commissioner;

(3) had a cigarette or tobacco license revoked by the commissioner within the past two years;

(4) had a sales and use tax permit revoked by the commissioner within the past two years; ~~or~~

(5) has been convicted of a crime involving cigarettes or tobacco products, including but not limited to: selling stolen cigarettes or tobacco products, receiving stolen cigarettes or tobacco products, or involvement in the smuggling of cigarettes or tobacco products; or

(6) is a premium cigar endorsee and fails to comply with requirements under section 297F.06, subdivision 6.

Subd. 2a. **Cancellation or nonrenewal.** The commissioner may cancel a license and any endorsement or not renew a license and any endorsement if one of the following conditions occurs:

(1) the license holder has not filed a cigarette or tobacco products tax return for at least one year;

(2) the license holder has not reported any cigarette or tobacco products tax liability on the license holder's returns for at least one year; or

(3) the license holder requests cancellation of the license.

Subd. 3. **Notice.** No license or endorsement may be revoked or suspended under this chapter, and no application for a license or endorsement may be denied under this chapter, except after 20 days' notice. In that notice the commissioner shall specify the allegations against the licensee, endorsee, or applicant, and provide the licensee, endorsee, or applicant the right to request in writing within 20 days a contested case hearing as provided in chapter 14.

If a written request for a hearing is received by the Department of Revenue within 20 days of the date of the initial notice, the hearing must be held within 45 days after referral to the Office of Administrative Hearings, and no earlier than 20 days after notice to the licensee, endorsee, or applicant of the hearing time and place. A license or endorsement is revoked or suspended, and an application is denied, when the commissioner serves notice of revocation, suspension, or denial after 20 days have passed following the initial notice under this paragraph without a request for hearing being made, or if a hearing is held, after the commissioner serves an order of revocation, suspension, or denial under section 14.62, subdivision 1. All notices under this paragraph may be served personally or by mail.

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

Sec. 11. Minnesota Statutes 2024, section 297F.06, is amended by adding a subdivision to read:

Subd. 6. **Premium cigars sold outside this state.** (a) Premium cigars brought into the state or caused to be brought into the state by a premium cigar endorsee are exempt from tax imposed under this chapter and are not contraband under section 297F.21 if:

(1) the premium cigars are intended to be sold outside the state by the endorsee;

(2) the premium cigars are delivered to the place of business covered by the endorsee's tobacco products distributor license and remain in that location until sold outside this state;

(3) the premium cigars are physically segregated from all other premium cigars, other tobacco products, and cigarettes possessed by the endorsee and are not accessible to any retail outlet consumers;

(4) the endorsee has a bond as required under section 297F.03, subdivision 4a;

(5) the endorsee maintains records of all deliveries and shipments associated with the premium cigars; and

(6) the endorsee files all forms and returns required under paragraph (c) and section 297F.09, subdivision 2.

(b) If a premium cigar endorsee fails to comply with the requirements in paragraph (a), the endorsee's premium cigars no longer qualify for the exemption under this subdivision and become subject to tax imposed under section 297F.05, subdivision 3a.

(c) All premium cigars sold outside this state and that otherwise qualify for the exemption under this subdivision must be listed on a form prescribed by the commissioner showing the date of each sale, the number of invoices, the name and address of each purchaser, and the distributor's wholesale sales price unless permission is granted by the commissioner to furnish the information in some other manner. The form must be filed with the commissioner on or before the 18th day of each calendar month following the date on which the premium cigar was sold outside this state.

EFFECTIVE DATE. This section is effective for premium cigars brought into this state after December 31, 2025.

Sec. 12. Minnesota Statutes 2024, section 297F.09, subdivision 2, is amended to read:

Subd. 2. **Monthly return; tobacco products distributor.** (a) On or before the 18th day of each calendar month, a distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product:

(1) brought, or caused to be brought, into this state for sale; and

(2) made, manufactured, or fabricated in this state for sale in this state, during the preceding calendar month.

(b) Every premium cigar endorsee must identify on the return the premium cigars brought into the state that qualify for the exemption under section 297F.06, subdivision 6. The return must also show the quantity and wholesale sales price of each premium cigar.

(c) Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns must be made in the form and manner prescribed by the commissioner and must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full tax liability shown. For distributors subject to the accelerated tax payment requirements in subdivision 10, the return for the May liability is due two business days before June 30th of the year and the return for the June liability is due on or before August 18th of the year.

(d) If a premium cigar endorsee no longer intends to sell a premium cigar outside this state as allowed under section 297F.06, subdivision 6, the premium cigar endorsee must make a record of the decision, including the decision date, and, on or before the 18th day of the following calendar month, file a return with the commissioner showing the quantity and wholesale sales price of each premium cigar the endorsee no longer intends to sell outside the state. Returns must be made in the form and manner prescribed by the commissioner and must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full tax liability shown. For distributors subject to the accelerated tax payment requirements in subdivision 10, the return for the May liability is due two business days before June 30th of the year and the return for the June liability is due on or before August 18th of the year.

(e) If a premium cigar no longer qualifies for an exemption under section 297F.06, subdivision 6, for any reason other than that listed in paragraph (d), the premium cigar endorsee must, on or before the 18th day of the following calendar month, file a return with the commissioner showing the quantity and wholesale sales price of each premium cigar that no longer qualifies for the exemption. Returns must be made in the form and manner prescribed by the commissioner and must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full tax liability shown. For distributors subject to the accelerated tax payment requirements in subdivision 10, the return for the May liability is due two business days before June 30th of the year and the return for the June liability is due on or before August 18th of the year.

EFFECTIVE DATE. This section is effective for premium cigars brought into this state after December 31, 2025.

Sec. 13. Minnesota Statutes 2024, section 297F.09, subdivision 10, is amended to read:

Subd. 10. **Accelerated tax payment.** (a) A cigarette distributor, tobacco products distributor, retailer, or out-of-state retailer having a liability of \$250,000 or more during a fiscal year ending June 30; shall remit the June liability for the next year in the ~~following manner; provided in paragraphs (b) and (c).~~

~~(a) Two business days before June 30 of calendar year 2021, the distributor shall remit the actual May liability and 87.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.~~ (b) Two business days before June 30 of calendar year ~~2022~~ 2025 and each calendar year thereafter 2026, the distributor must remit the actual May liability and 84.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner. Two business days before June 30 of calendar year 2027 and thereafter, the taxpayer shall remit the actual May liability and 90 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

~~(b)~~ (c) On or before August 18 of the year, the distributor, retailer, or out-of-state retailer shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June, less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals:

(1) for calendar year ~~2024~~ 2025 and calendar year 2026, the lesser of ~~87.5~~ 84.5 percent of the actual June liability for that calendar year or ~~87.5~~ 84.5 percent of the May liability for that calendar year; or

(2) for calendar year ~~2022~~ 2027 and each calendar year thereafter, the lesser of ~~84.5~~ 90 percent of the actual June liability for that calendar year or ~~84.5~~ 90 percent of the May liability for that calendar year.

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

Sec. 14. Minnesota Statutes 2024, section 297G.09, subdivision 9, is amended to read:

Subd. 9. **Accelerated tax payment; penalty.** (a) A person liable for tax under this chapter having a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the June liability for the next year in the ~~following~~ manner: provided in paragraphs (b) and (c).

~~(a) Two business days before June 30 of calendar year 2021, the taxpayer shall remit the actual May liability and 87.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.~~ (b) Two business days before June 30 of calendar year ~~2022~~ 2025 and each calendar year thereafter 2026, the distributor must remit the actual May liability and 84.5 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner. Two business days before June 30 of calendar year 2027 and thereafter, the taxpayer shall remit the actual May liability and 90 percent of the estimated June liability to the commissioner and file the return in the form and manner prescribed by the commissioner.

~~(b)~~ (c) On or before August 18 of the year, the taxpayer shall submit a return showing the actual June liability and pay any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals:

(1) for calendar year ~~2024~~ 2025 and calendar year 2026, the lesser of ~~87.5~~ 84.5 percent of the actual June liability for that calendar year or ~~87.5~~ 84.5 percent of the May liability for that calendar year; or

(2) for calendar year ~~2022~~ 2027 and each calendar year thereafter, the lesser of ~~84.5~~ 90 percent of the actual June liability for that calendar year or ~~84.5~~ 90 percent of the May liability for that calendar year.

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

Sec. 15. Minnesota Statutes 2024, section 297G.09, subdivision 10, is amended to read:

Subd. 10. **Quarterly and annual payments and returns.** (a) If a manufacturer, wholesaler, brewer, or importer has an average liquor tax liability equal to or less than \$500 per month in any quarter of a calendar year, and has substantially complied with the state tax laws during the preceding four calendar quarters, the manufacturer, wholesaler, brewer, or importer may request authorization to file and pay the taxes quarterly in subsequent calendar quarters. The authorization remains in effect during the period in which the manufacturer's, wholesaler's, brewer's, or importer's quarterly returns reflect liquor tax liabilities of less than \$1,500 and there is continued compliance with state tax laws.

(b) If a manufacturer, wholesaler, brewer, or importer has an average liquor tax liability equal to or less than \$100 per month during a calendar year, and has substantially complied with the state tax laws during that period, the manufacturer, wholesaler, brewer, or importer may request authorization to file and pay the taxes annually in subsequent years. The authorization remains in effect during the period in which the manufacturer's, wholesaler's, brewer's, or importer's annual returns reflect liquor tax liabilities of less than \$1,200 and there is continued compliance with state tax laws. A qualified brewer as defined under section 297G.04, subdivision 2, that meets the same criteria during a calendar year may file and pay the taxes annually the following calendar year without authorization. A qualified brewer must provide notice of intent to file and pay the taxes annually to the commissioner in a form and manner prescribed by the commissioner.

(c) The commissioner may also grant quarterly or annual filing and payment authorizations to manufacturers, wholesalers, brewers, or importers if the commissioner concludes that the manufacturer's, wholesaler's, brewer's, or importer's future tax liabilities will be less than the monthly totals identified in paragraphs (a) and (b). An authorization granted under this paragraph is subject to the same conditions as an authorization granted under paragraphs (a) and (b).

(d) The annual tax return and payments must be filed and paid on or before the 18th day of January following the calendar year. The quarterly returns and payments must be filed and paid on or before April 18 for the quarter ending March 31, on or before July 18 for the quarter ending June 30, on or before October 18 for the quarter ending September 30, and on or before January 18 for the quarter ending December 31.

EFFECTIVE DATE. This section is effective for calendar year 2025 and thereafter.

Sec. 16. **CITY OF WOODBURY; SALES AND USE TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a water treatment facility and water tower, including water pipeline infrastructure and associated improvements funded by the city of Woodbury are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after January 31, 2024, and before December 1, 2028.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivisions 1 and 1a, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2025.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after January 31, 2024, and before December 1, 2028.

Sec. 17. **LEGISLATIVE TASK FORCE ON LOCAL SALES TAXES.**

Subdivision 1. **Establishment.** A legislative task force is established to:

- (1) examine the historical use of local sales taxes in Minnesota;
- (2) compare local sales taxes to other local revenue sources using tax system evaluation criteria; and
- (3) make recommendations to the legislature on future policy changes related to local sales taxes.

Subd. 2. **Membership.** (a) The task force must include the following members:

(1) four members from the house of representatives, two appointed by the speaker of the house and two appointed by the speaker emerita; and

(2) four members from the senate, two appointed by the majority leader and two appointed by the minority leader.

(b) The speaker of the house and the speaker emerita must each appoint a member to act as the house of representatives chair of the task force. The senate majority leader must appoint a member to act as the senate chair of the task force. The chair and vice-chair must rotate after each meeting between a house of representatives chair and the senate chair. The house of representatives chair must rotate between the member appointed by the speaker of the house and the member appointed by the speaker emerita. The vice-chair of each meeting must be the member who served as the chair in the previous meeting.

Subd. 3. **Meetings.** (a) The task force must meet at least twice per month. The meetings must take place in the Capitol complex, provided that the chair may direct that a meeting be conducted electronically if doing so would facilitate public testimony or would protect the health or safety of members of the task force.

(b) All meetings must be open to the public. The task force must invite input from the public.

(c) The chair designated by the speaker of the house must convene the first meeting of the task force no later than August 1, 2025. The senate chair must act as the vice-chair for the first meeting of the task force.

Subd. 4. **Duties.** (a) The task force must examine the role of local taxes as a revenue source for local governments and compare local taxes to other sources of revenue for local governments. The comparison must include:

(1) an evaluation of the equity, efficiency, administrability, stability, and revenue sufficiency of each revenue source;

(2) the historical use of each revenue source by local governments in Minnesota; and

(3) recent law changes impacting local governments' ability to raise revenue from each revenue source.

(b) The task force must also examine the historical use of local sales taxes in Minnesota, including the number of local governments using local sales taxes as a revenue source and the amount of local sales taxes collected.

(c) The task force must also examine the requirement of demonstrating regional significance for local sales tax proposals and what, if any, measures should be in place to define regional significance.

(d) The task force must make recommendations to the legislature on future changes to local sales tax policy. These recommendations must be made by submitting the report required under subdivision 6.

Subd. 5. **Administration.** The Legislative Coordinating Commission must provide administrative support to the task force and must assist in creation of the report under subdivision 6.

Subd. 6. **Report.** The task force must create a report on the results from the duties required under subdivision 4. The report must be sent to the legislative committees with jurisdiction over local sales taxes no later than January 31, 2026. The report may include any additional information the task force deems relevant.

Subd. 7. **Expenses.** Legislative members serving on the task force must receive a per diem for each task force meeting attended.

Subd. 8. **Expiration.** The task force expires upon the submission of the report under subdivision 6.

Subd. 9. **Appropriation.** \$70,000 in fiscal year 2026 is appropriated from the general fund to the Legislative Coordinating Commission to carry out the purposes of this section.

ARTICLE 3 PROPERTY TAXES

Section 1. Minnesota Statutes 2024, section 272.01, subdivision 2, is amended to read:

Subd. 2. **Exempt property used by private entity for profit.** (a) When any real or personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to:

(1) property leased or used as a concession in or relative to the use in whole or part of a public park, market, fairgrounds, port authority, economic development authority established under chapter 469, municipal auditorium, municipal parking facility, municipal museum, or municipal stadium;

(2) property of an airport owned by a city, town, county, or group thereof which is:

(i) leased to or used by any person or entity including a fixed base operator; and

(ii) used as a hangar for the storage ~~or~~ repair, or manufacture of aircraft or to provide aviation goods, services, or facilities to the airport or general public;

~~the exception from taxation provided in this clause does not apply to:~~

~~(i) property located at an airport owned or operated by the Metropolitan Airports Commission or by a city of over 50,000 population according to the most recent federal census or such a city's airport authority; or~~

~~(ii) hangars leased by a private individual, association, or corporation in connection with a business conducted for profit other than an aviation-related business;~~

(3) property constituting or used as a public pedestrian ramp or concourse in connection with a public airport;

(4) except as provided in paragraph (f), property constituting or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area in connection with a public airport but not the airports owned or operated by the Metropolitan Airports Commission or cities of over 50,000 population or an airport authority therein. Real estate owned by a municipality in connection with the operation of a public airport and leased or used for agricultural purposes is not exempt;

(5) property leased, loaned, or otherwise made available to a private individual, corporation, or association under a cooperative farming agreement made pursuant to section 97A.135; or

(6) property leased, loaned, or otherwise made available to a private individual, corporation, or association under section 272.68, subdivision 4.

(c) Except as provided in paragraph (f), the exception from taxation provided in paragraph (b), clause (2), does not apply to:

(1) property located at an airport owned or operated by the Metropolitan Airports Commission or by a city of over 50,000 population according to the most recent federal census or such a city's airport authority; or

(2) hangars leased by a private individual, association, or corporation in connection with a business conducted for profit other than an aviation-related business.

~~(e)~~ (d) Taxes imposed by this subdivision are payable as in the case of personal property taxes and shall be assessed to the lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county, and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

~~(d)~~ (e) The tax on real property of the federal government, the state or any of its political subdivisions that is leased, loaned, or otherwise made available to a private individual, association, or corporation and becomes taxable under this subdivision or other provision of law must be assessed and collected as a personal property assessment. The taxes do not become a lien against the real property.

(f) Property of an airport that is:

(1) located at an airport owned or operated by a city of over 50,000 but under 150,000 in population according to the most recent federal census or such a city's airport authority;

(2) not owned or operated by the Metropolitan Airports Commission; and

(3) used as a hangar for the storage, repair, or manufacture of aircraft or to provide aviation goods, services, or facilities to the airport or general public, or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area, shall have the tax imposed by this subdivision calculated as follows: for property taxes payable in 2026 through 2037, the net tax capacity of such property shall be reduced by 50 percent.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026.

Sec. 2. Minnesota Statutes 2024, section 272.02, subdivision 7, is amended to read:

Subd. 7. **Institutions of public charity.** (a) Institutions of purely public charity that are exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code are exempt if they meet the requirements of this subdivision. In determining whether real property is exempt under this subdivision, the following factors must be considered:

(1) whether the stated purpose of the undertaking is to be helpful to others without immediate expectation of material reward;

(2) whether the institution of public charity is supported by material donations, gifts, or government grants for services to the public in whole or in part;

(3) whether a material number of the recipients of the charity receive benefits or services at reduced or no cost, or whether the organization provides services to the public that alleviate burdens or responsibilities that would otherwise be borne by the government;

(4) whether the income received, including material gifts and donations, produces a profit to the charitable institution that is not distributed to private interests;

(5) whether the beneficiaries of the charity are restricted or unrestricted, and, if restricted, whether the class of persons to whom the charity is made available is one having a reasonable relationship to the charitable objectives; and

(6) whether dividends, in form or substance, or assets upon dissolution, are not available to private interests.

A charitable organization must satisfy the factors in clauses (1) to (6) for its property to be exempt under this subdivision, unless there is a reasonable justification for failing to meet the factors in clause (2), (3), or (5), and the organization provides to the assessor the factual basis for that justification. If there is reasonable justification for failing to meet the factors in clause (2), (3), or (5), an organization is a purely public charity under this subdivision without meeting those factors. After an exemption is properly granted under this subdivision, it will remain in effect unless there is a material change in facts.

(b) For purposes of this subdivision, a grant is a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when the principal purpose of the relationship is to transfer cash or something of value to the grantee to support a public purpose authorized by law in a general manner instead of acquiring by professional or technical contract, purchase, lease, or barter property or services for the direct benefit or use of the granting agency.

(c) Rental housing property does not qualify for an exemption under this subdivision unless: (1) the use of the rental property is in furtherance of the tax-exempt charitable purpose of the organization; and (2) the use of the rental property does not further the tax-exempt charitable purpose of the organization solely by providing rental housing to persons or families on the basis of the income characteristics of those persons or families.

~~(c)~~ (d) In determining whether rental housing property qualifies for exemption under this subdivision, the following are not gifts or donations to the owner of the rental housing:

(1) rent assistance provided by the government to or on behalf of tenants; and

(2) financing assistance or tax credits provided by the government to the owner on condition that specific units or a specific quantity of units be set aside for persons or families with certain income characteristics.

EFFECTIVE DATE. This section is effective for property taxes payable in 2026 and thereafter.

Sec. 3. Minnesota Statutes 2024, section 272.02, subdivision 19, is amended to read:

Subd. 19. **Property used to distribute electricity to farmers.** Electric power distribution ~~lines and their attachments and appurtenances~~ systems, not including substations, or transmission or generation equipment, that are used primarily for supplying electricity to farmers at retail, are exempt.

EFFECTIVE DATE. This section is effective for assessment year 2025 and thereafter.

Sec. 4. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to read:

Subd. 106. Certain property owned by an Indian Tribe. (a) Property is exempt that:

(1) was classified as class 3a under section 273.13, subdivision 24, for taxes payable in 2025;

(2) is located in a city of the first class with a population greater than 400,000 as of the 2020 federal census;

(3) was on January 1, 2024, and is for the current assessment, owned by a federally recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota; and

(4) is used exclusively for Tribal purposes or institutions of purely public charity as defined in subdivision 7.

(b) Property that qualifies for the exemption under this subdivision is limited to one parcel that does not exceed 40,000 square feet. Property used for single-family housing, market-rate apartments, agriculture, or forestry does not qualify for this exemption.

EFFECTIVE DATE. This section is effective beginning with assessment year 2026.

Sec. 5. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to read:

Subd. 107. Certain property owned by an Indian Tribe. Property is exempt that:

(1) was classified as class 2b under section 273.13, subdivision 23, for taxes payable in 2025;

(2) is located within a county with a population greater than 5,580 but less than 5,620 according to the 2020 federal census;

(3) is located in an unorganized territory with a population less than 800 according to the 2020 federal census; and

(4) was on January 2, 2023, and is for the current assessment, owned by a federally recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota.

EFFECTIVE DATE. This section is effective beginning with assessment year 2026.

Sec. 6. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to read:

Subd. 108. Certain property owned by an Indian Tribe. (a) Property is exempt that:

(1) is located in a city of the first class with a population greater than 400,000 as of the 2020 federal census;

(2) was on January 1, 2025, and is for the current assessment, owned by a federally recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota; and

(3) contains a mixed-use development constructed after January 1, 2024, that includes space used exclusively for noncommercial Tribal government activities.

(b) Any portion of the property used for housing, agriculture, or forestry does not qualify for this exemption.

EFFECTIVE DATE. This section is effective beginning with assessment year 2026.

Sec. 7. Minnesota Statutes 2024, section 273.13, subdivision 25, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a classification rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units, including property rented as a short-term rental property for more than 14 days in the preceding year, that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and

(4) unimproved property that is classified residential as determined under subdivision 33.

For the purposes of this paragraph, "short-term rental property" means nonhomestead residential real estate rented for periods of less than 30 consecutive days.

The market value of class 4b property has a classification rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential recreational property;

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b); and

(3) a condominium-type storage unit having an individual property identification number that is not used for a commercial purpose.

Class 4bb property has the same classification rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real and personal property devoted to commercial temporary and seasonal residential occupancy for recreation purposes, for not more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property under this clause must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. A camping pad offered for rent by a property that otherwise qualifies for class 4c

under this clause is also class 4c under this clause regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified under this clause, either (i) the business located on the property must provide recreational activities, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (B) at least 20 percent of the annual gross receipts must be from charges for providing recreational activities, or (ii) the business must contain 20 or fewer rental units, and must be located in a township or a city with a population of 2,500 or less located outside the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion of a state trail administered by the Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c property also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property classified under this clause and devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. In order for a property to qualify for classification under this clause, the owner must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c under this clause as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property under this clause must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c. For the purposes of this paragraph, "recreational activities" means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina services, launch services, or guide services; or selling bait and fishing tackle;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and not used for residential purposes on either a temporary or permanent basis, provided that:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause:

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal Revenue Code; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision 3a, and (iii) class I manufactured home parks as defined in section 327C.015, subdivision 2;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22;

(10) real property up to a maximum of three acres and operated as a restaurant as defined under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to commercial purposes for not more than 250 consecutive days, or receives at least 60 percent of its annual gross receipts from business conducted during four consecutive months. Gross receipts from the sale of alcoholic beverages must be included in determining the property's qualification under item (ii). The property's primary business must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the premises must be excluded. Owners of real property desiring 4c classification under this clause must submit an annual declaration to the assessor by February 1 of the current assessment year, based on the property's relevant information for the preceding assessment year;

(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public and devoted to recreational use for marina services. The marina owner must annually provide evidence to the assessor that it provides services, including lake or river access to the public by means of an access ramp or other facility that is either located on the property of the marina or at a publicly owned site that abuts the property of the marina. No more than 800 feet of lakeshore may be included in this classification. Buildings used in conjunction with a marina for marina services, including but not limited to buildings used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified as class 3a property; and

(12) real and personal property devoted to noncommercial temporary and seasonal residential occupancy for recreation purposes.

Class 4c property has a classification rate of 1.5 percent of market value, except that (i) each parcel of noncommercial seasonal residential recreational property under clause (12) has the same classification rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same classification rate as class 4b property, the market value of manufactured home parks assessed under clause (5), item (ii), have a classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a classification rate of one percent if 50 percent or less of the lots are so occupied, and class I manufactured home parks as defined in section 327C.015, subdivision 2, have a classification rate of 1.0 percent, (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), has a classification rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a classification rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent, (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a classification rate of 1.25 percent, and (vii) property qualifying for classification under clause (3) that is owned or operated by a congressionally chartered veterans organization has a classification rate of one percent. The commissioner of veterans affairs must provide a list of congressionally chartered veterans organizations to the commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

(e) Class 4d property includes:

(1) qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d(1). The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d(1) also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d(1), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents; and

(2) a unit that is owned by the occupant and used as a homestead by the occupant, and otherwise meets all the requirements for community land trust property under section 273.11, subdivision 12, provided that by December 31 of each assessment year, the community land trust certifies to the assessor that (i) the community land trust owns the real property on which the unit is located, and (ii) the unit owner is a member in good standing of the community land trust. ~~For all units qualifying as class 4d(2), the market value determined by the assessor must be based on the normal approach to value without regard to any restrictions that apply because the unit is a community land trust property.~~

(f) Class 4d(1) property has a classification rate of 0.25 percent. Class 4d(2) property has a classification rate of 0.75 percent.

EFFECTIVE DATE. This section is effective beginning with assessment year 2025.

Sec. 8. Minnesota Statutes 2024, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

(b)(1) For a disability rating of 70 percent or more, ~~\$150,000~~ \$175,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, ~~\$300,000~~ \$350,000 of market value is excluded.

(c) If a veteran with a disability qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n). Qualification under this paragraph requires an application under paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's marital status, ownership of the property, or use of the property as a permanent residence.

(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n).

(e) If a veteran meets the disability criteria of paragraph (a) but does not own property classified as homestead in the state of Minnesota, then the homestead of the veteran's primary family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify for under paragraph (b).

(f) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(g) A property qualifying for a valuation exclusion under this subdivision is not eligible for the market value exclusion under subdivision 35, or classification under subdivision 22, paragraph (b).

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by December 31 of the first assessment year for which the exclusion is sought. Except as provided in paragraph (c), the owner of a property that has been accepted for a valuation exclusion must notify the assessor if there is a change in ownership of the property or in the use of the property as a homestead.

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (d) must be made any time within two years of the death of the service member.

(j) For purposes of this subdivision:

(1) "active service" has the meaning given in section 190.05;

(2) "own" means that the person's name is present as an owner on the property deed;

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G; and

(4) "veteran" has the meaning given the term in section 197.447.

(k) If a veteran did not apply for or receive the exclusion under paragraph (b), clause (2), before dying, or the exclusion under paragraph (b), clause (2), did not exist at the time of the veterans death, the veteran's spouse is entitled to the benefit under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n), if:

(1) the spouse files a first-time application;

(2) upon the death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides there;

(3) the veteran met the honorable discharge requirements of paragraph (a); and

(4) the United States Department of Veterans Affairs certifies that:

(i) the veteran met the total (100 percent) and permanent disability requirement under paragraph (b), clause (2); or

(ii) the spouse has been awarded dependency and indemnity compensation.

(l) The purpose of this provision of law providing a level of homestead property tax relief for veterans with a disability, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear those burdens most heavily.

(m) By July 1, the county veterans service officer must certify the disability rating and permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

(n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds the legal or beneficial title to the property may continue to receive the exclusion for a property other than the property for which the exclusion was initially granted until the spouse remarries or sells, transfers, or otherwise disposes of the property, provided that:

(1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed under this paragraph;

(2) the spouse holds the legal or beneficial title to the property for which the continuation of the exclusion is sought under this paragraph, and permanently resides there;

(3) the estimated market value of the property for which the exclusion is sought under this paragraph is less than or equal to the estimated market value of the property that first received the exclusion, based on the value of each property on the date of the sale of the property that first received the exclusion; and

(4) the spouse has not previously received the benefit under this paragraph for a property other than the property for which the exclusion is sought.

(o) If a spouse had previously received the exclusion under paragraph (c) or (d) and the exclusion expired prior to taxes payable in 2020, the spouse may reapply under this section for the exclusion under paragraph (c) or (d).

EFFECTIVE DATE. This section is effective beginning with assessment year 2025.

Sec. 9. Minnesota Statutes 2024, section 273.38, is amended to read:

273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.

The distribution ~~lines and the attachments and appurtenances thereto~~ systems, not including substations, or transmission or generation equipment of cooperative associations organized under the provisions of Laws 1923, chapter 326, and laws amendatory thereof and supplemental thereto, and engaged in the electrical heat, light and power business, upon a mutual, nonprofit and cooperative plan, shall be assessed and taxed as provided in sections 273.40 and 273.41.

EFFECTIVE DATE. This section is effective for assessment year 2025 and thereafter.

Sec. 10. Minnesota Statutes 2024, section 273.41, is amended to read:

273.41 AMOUNT OF TAX; DISTRIBUTION.

There is hereby imposed upon each such cooperative association on December 31 of each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon ~~distribution lines and the attachments and appurtenances thereto of such associations that part of the association's distribution system, not including substations, or transmission or generation equipment,~~ located in rural areas. The tax shall be payable on or before March 1 of the next succeeding year, to the commissioner of revenue. If the tax, or any portion thereof, is not paid within the time herein specified for the payment thereof, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid. Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty, shall bear interest at the rate specified in section 270C.40 from the time such tax should have been paid until paid. The commissioner shall deposit the amount so received in the general fund of the state treasury.

EFFECTIVE DATE. This section is effective for assessment year 2025 and thereafter.

Sec. 11. Minnesota Statutes 2024, section 290B.03, subdivision 1, is amended to read:

Subdivision 1. **Program qualifications.** The qualifications for the senior citizens' property tax deferral program are as follows:

(1) the property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, at least one of the spouses must be at least 65 years old at the time the first property tax deferral is granted, regardless of whether the property is titled in the name of one spouse or both spouses, or titled in another way that permits the property to have homestead status, and the other spouse must be at least 62 years of age;

(2) the total household income of the qualifying homeowners, as defined in section 290A.03, subdivision 5, for the calendar year preceding the year of the initial application may not exceed ~~\$96,000~~ \$110,000;

(3) the homestead must have been owned and occupied as the homestead of at least one of the qualifying homeowners for at least five years prior to the year the initial application is filed;

(4) there are no state or federal tax liens or judgment liens on the homesteaded property;

(5) there are no mortgages or other liens on the property that secure future advances, except for those subject to credit limits that result in compliance with clause (6); and

(6) the total unpaid balances of debts secured by mortgages and other liens on the property, including unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

EFFECTIVE DATE. This section is effective for applications for deferral of taxes payable in 2026 and thereafter.

Sec. 12. Minnesota Statutes 2024, section 290B.04, subdivision 3, is amended to read:

Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial application has been approved under subdivision 2 shall notify the commissioner of revenue in writing by July 1 if the taxpayer's household income for the preceding calendar year exceeded ~~\$96,000~~ \$110,000. The certification must state the homeowner's total household income for the previous calendar year. No property taxes may be deferred under this chapter in any year following the year in which a program participant filed or should have filed an excess-income certification under this subdivision, unless the participant has filed a resumption of eligibility certification as described in subdivision 4.

EFFECTIVE DATE. This section is effective for applications for deferral of taxes payable in 2026 and thereafter.

Sec. 13. Minnesota Statutes 2024, section 290B.04, subdivision 4, is amended to read:

Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has previously filed an excess-income certification under subdivision 3 may resume program participation if the taxpayer's household income for a subsequent year is ~~\$96,000~~ \$110,000 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify the commissioner of revenue in writing by July 1 of the year following a calendar year in which the taxpayer's household income is ~~\$96,000~~ \$110,000 or less. The certification must state the taxpayer's total household income for the previous calendar year. Once a taxpayer resumes participation in the program under this subdivision, participation will continue until the taxpayer files a subsequent excess-income certification under subdivision 3 or until participation is terminated under section 290B.08, subdivision 1.

EFFECTIVE DATE. This section is effective for applications for deferral of taxes payable in 2026 and thereafter.

Sec. 14. Minnesota Statutes 2024, section 290B.05, subdivision 1, is amended to read:

Subdivision 1. **Determination by commissioner.** The commissioner shall determine each qualifying homeowner's "annual maximum property tax amount" following approval of the homeowner's initial application and following the receipt of a resumption of eligibility certification. The "annual maximum property tax amount" equals three percent of the homeowner's total household income for the year preceding either the initial application or the resumption of eligibility certification, whichever is applicable. Following approval of the initial application, the commissioner shall determine the qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment year for any homeowner whose total household income for the previous year exceeds ~~\$96,000~~ \$110,000. No tax shall be deferred in any year in which the homeowner does not meet the program qualifications in section 290B.03. The maximum allowable total deferral is equal to 75 percent of the assessor's estimated market value for the year, less the balance of any mortgage loans and other amounts secured by liens against the property at the time of application, including any unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year.

EFFECTIVE DATE. This section is effective for applications for deferral of taxes payable in 2026 and thereafter.

Sec. 15. Minnesota Statutes 2024, section 469.1812, is amended by adding a subdivision to read:

Subd. 2a. **Land bank organization.** "Land bank organization" means an organization that, at least in part, acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited property for future development, redevelopment, or disposal, and that is either:

(1) a nonprofit organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code whose governing board members are elected or appointed by the state of Minnesota, any political subdivision of the state of Minnesota, or an agency of the state of Minnesota or its political subdivisions, or are elected or appointed officials of the state of Minnesota or any of its political subdivisions; or

(2) a limited liability company of which a nonprofit organization described in clause (1) is the sole member.

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

Sec. 16. Minnesota Statutes 2024, section 469.1813, subdivision 1, is amended to read:

Subdivision 1. **Authority.** The governing body of a political subdivision may grant a current or prospective abatement, by contract or otherwise, of the taxes imposed by the political subdivision on a parcel of property, which may include personal property and machinery, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if:

(1) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement or intends the abatement to phase in a property tax increase, as provided in clause (2)(vii); and

(2) it finds that doing so is in the public interest because it will:

(i) increase or preserve tax base;

(ii) provide employment opportunities in the political subdivision;

(iii) provide or help acquire or construct public facilities;

(iv) help redevelop or renew blighted areas;

(v) help provide access to services for residents of the political subdivision;

(vi) finance or provide public infrastructure;

(vii) phase in a property tax increase on the parcel resulting from an increase of 50 percent or more in one year on the estimated market value of the parcel, other than increase attributable to improvement of the parcel; ~~or~~

(viii) stabilize the tax base through equalization of property tax revenues for a specified period of time with respect to a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100;:

(ix) provide for the development of affordable housing to households at or below 80 percent of area median income as estimated by the United States Department of Housing and Urban Development for the political subdivision in which the project is located; or

(x) allow the property to be held by a land bank organization for future development.

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

Sec. 17. Minnesota Statutes 2024, section 469.1813, subdivision 6, is amended to read:

Subd. 6. **Duration limit.** (a) A political subdivision may grant an abatement for a period no longer than 15 years, except as provided under ~~paragraph~~ paragraphs (b) and (c). The abatement period commences in the first year in which the abatement granted is either paid or retained in accordance with section 469.1815, subdivision 2. The subdivision may specify in the abatement resolution a shorter duration. If the resolution does not specify a period of time, the abatement is for eight years. If an abatement has been granted to a parcel of property and the period of the abatement has expired, the political subdivision that granted the abatement may not grant another abatement for eight years after the expiration of the first abatement. This prohibition does not apply to improvements added after and not subject to the first abatement. Economic abatement agreements for real and personal property subject to valuation under Minnesota Rules, chapter 8100, are not subject to this prohibition and may be granted successively.

(b) A political subdivision proposing to abate taxes for a parcel may request, in writing, that the other political subdivisions in which the parcel is located grant an abatement for the property. If one of the other political subdivisions declines, in writing, to grant an abatement or if 90 days pass after receipt of the request to grant an abatement without a written response from one of the political subdivisions, the duration limit for an abatement for the parcel by the requesting political subdivision and any other participating political subdivision is increased to 20 years. If the political subdivision which declined to grant an abatement later grants an abatement for the parcel, the 20-year duration limit is reduced by one year for each year that the declining political subdivision grants an abatement for the parcel during the period of the abatement granted by the requesting political subdivision. The duration limit may not be reduced below the limit under paragraph (a).

(c) An abatement under subdivision 1, clause (2), items (ix) and (x), may be granted for a period no longer than five years. This limit also applies if the resolution does not specify a period of time.

EFFECTIVE DATE. This section is effective for abatement resolutions approved after the day following final enactment.

Sec. 18. Minnesota Statutes 2024, section 469.1813, is amended by adding a subdivision to read:

Subd. 11. **Repayment.** A land bank organization receiving an abatement under subdivision 1, clause (2), item (ix) or (x), must repay the abatement with interest if the land for which the abatement was granted is used for a purpose other than the purpose given by the land bank organization prior to redevelopment, as determined by the governing body of the political subdivision that granted the abatement. This subdivision applies immediately after the abatement under this section expires and land is subject to repayment under this subdivision for the same number of years that the abatement was granted. Interest under this section is payable at the rate determined in section 270C.40, subdivision 5.

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

Sec. 19. **EXEMPTION FOR LAND HELD FOR ECONOMIC DEVELOPMENT.**

Notwithstanding Minnesota Statutes, section 272.02, subdivision 39, property owned by the Port Authority of the city of Bloomington that was acquired by the Port Authority in May 2016 and exempt under Minnesota Statutes, section 272.02, subdivision 39, for taxes payable in 2017 through 2025, must continue to be exempt pursuant to Minnesota Statutes, section 272.02, subdivision 39, for taxes payable in 2026 through 2031 provided that the requirements of that subdivision are met. Notwithstanding Minnesota Statutes, section 272.025, an initial application for the exemption under this section must be filed with the assessor by June 30, 2025.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Bloomington and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 20. PROPERTY TAX EXEMPTION; RED LAKE NATION COLLEGE.

(a) Notwithstanding Minnesota Statutes, section 272.02, subdivision 38, paragraph (b), and any other law to the contrary, property located in the city of Minneapolis acquired by Red Lake Nation College Without Borders, LLC in either August 2021 or September 2021 is exempt from property taxes payable in 2022 and the portion of property taxes payable in 2021 due after the property was acquired. An amount necessary to make a payment to the county for the property taxes that would be payable but for the exemption is appropriated from the general fund to the commissioner of revenue in fiscal year 2026. All prior year penalties, interest, and costs are canceled.

(b) By August 1, 2025, the auditor of the county in which the property is located must certify to the commissioner of revenue the amount to be paid by the commissioner of revenue to the county under paragraph (a). The commissioner of revenue must make this payment by August 15, 2025.

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

Sec. 21. REPORT ON STRATEGIES TO REDUCE PROPERTY TAXES.

No later than February 1, 2026, the commissioner of revenue must submit to the chairs and ranking minority members of the legislative committees with jurisdiction over taxation a report on reducing property taxes paid by homeowners and renters. The report must describe the advantages and disadvantages of reducing property taxes through different policy approaches, including:

(1) homeowner property tax refunds under Minnesota Statutes, chapter 290A, and the renter's credit under Minnesota Statutes, section 290.0693;

(2) property tax market value exclusions;

(3) property tax credits; or

(4) simplification of property tax class rates.

ARTICLE 4
PROPERTY TAX AIDS

Section 1. 2023 AID PENALTY FORGIVENESS; CITY OF ALPHA.

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Alpha must receive its aid payment for calendar year 2023 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reports for 2022 from the city of Alpha by June 1, 2025. The commissioner of revenue must make a payment of \$18,472 to the city of Alpha by June 30, 2025. An amount sufficient to pay aid under this section is appropriated in fiscal year 2025 from the general fund to the commissioner of revenue. This is a onetime appropriation.

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

Sec. 2. BASE YEAR FORMULA AID FOR THE CITY OF BALDWIN.

For the calculation under Minnesota Statutes, section 477A.013, subdivisions 8 and 9, for aids payable in 2026, the city of Baldwin's aid for 2025, used in calculating aid payable in 2026, is deemed to be equal to \$2.85 multiplied by Baldwin's 2023 population.

EFFECTIVE DATE. This section is effective for aids payable in 2026 only.

Sec. 3. 2024 AID PENALTY FORGIVENESS; CITY OF ODIN.

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Odin must receive its aid payment for calendar year 2024 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and its small city assistance payment for calendar year 2024 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reports for 2023 from the city of Odin by June 1, 2025. The commissioner of revenue must make a payment of \$39,909 to the city of Odin by June 30, 2025.

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

Sec. 4. 2023 AID PENALTY FORGIVENESS; CITY OF STEWART.

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Stewart must receive its aid payment for calendar year 2023 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reports for 2022 from the city of Stewart by June 1, 2025. The commissioner of revenue must make a payment of \$87,501.50 to the city of Stewart by June 30, 2025. An amount sufficient to pay aid under this section is appropriated in fiscal year 2025 from the general fund to the commissioner of revenue. This is a onetime appropriation.

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

Sec. 5. 2024 AID PENALTY FORGIVENESS; CITY OF TROSKY.

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Trosky must receive its aid payment for calendar year 2024 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, and its small city assistance payment for calendar year 2024 under Minnesota Statutes, section 162.145, that was withheld under Minnesota Statutes, section 162.145, subdivision 3, paragraph (c), provided the state auditor certifies to the commissioner of revenue that the state auditor received the annual financial reports for 2023 from the city of Trosky by June 1, 2025. The commissioner of revenue must make a payment of \$25,003 to the city of Trosky by June 30, 2025.

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

ARTICLE 5
TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2024, section 469.174, subdivision 10, is amended to read:

Subd. 10. **Redevelopment district.** (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;

(2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;

(3) tank facilities, or property whose immediately previous use was for tank facilities, as defined in section 115C.02, subdivision 15, if the tank facilities:

- (i) have or had a capacity of more than 1,000,000 gallons;
 - (ii) are located adjacent to rail facilities; and
 - (iii) have been removed or are unused, underused, inappropriately used, or infrequently used; ~~or~~
- (4) a qualifying disaster area, as defined in subdivision 10b.; or

(5) the property consists of vacant, unused, underused, inappropriately used, or infrequently used property intended or recently occupied for commercial or industrial purposes, and the property is located within the city of Minneapolis, Duluth, or St. Paul.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

(c) A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard. Items of evidence that support such a conclusion include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence. Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3, clause (1). Failure of a building to be disqualified under the provisions of this paragraph is a necessary, but not a sufficient, condition to determining that the building is substandard.

(d) A parcel is deemed to be occupied by a structurally substandard building for purposes of the finding under paragraph (a) or by the improvements described in paragraph (e) if all of the following conditions are met:

(1) the parcel was occupied by a substandard building or met the requirements of paragraph (e), as the case may be, within three years of the filing of the request for certification of the parcel as part of the district with the county auditor;

(2) the substandard building or the improvements described in paragraph (e) were demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority;

(3) the authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building or met the requirements of paragraph (e) and that after demolition and clearance the authority intended to include the parcel within a district; and

(4) upon filing the request for certification of the tax capacity of the parcel as part of a district, the authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by section 469.177, subdivision 1, paragraph (f).

(e) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.

(f) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a) to be included in the district, and the entire area of the district must satisfy paragraph (a).

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2025.

Sec. 2. Minnesota Statutes 2024, section 469.175, subdivision 3, is amended to read:

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

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

(1) that the proposed tax increment financing district is a redevelopment district, a renewal or renovation district, a housing district, a soils condition district, or an economic development district; if the proposed district is a redevelopment district or a renewal or renovation district, the reasons and supporting facts for the determination that the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or subdivision 10a, must be documented in writing and retained and made available to the public by the authority until the district has been terminated;

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

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

(ii) the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district or if the district is a redevelopment district determined to meet the criteria of section 469.174, subdivision 10, paragraph (a), clause (5);

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) the municipality and the development authority intend to use increments from the district for the development of rental housing to serve employees of businesses located in the municipality or surrounding area.

(g) The county auditor may not certify the original tax capacity of an economic development tax increment financing district for a workforce housing project if the request for certification is made after June 30, 2027.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2025.

Sec. 3. Minnesota Statutes 2024, section 469.176, subdivision 4n, is amended to read:

Subd. 4n. **Temporary use of increment authorized.** (a) Notwithstanding any other provision of this section or any other law to the contrary, except the requirements to pay bonds to which increments are pledged, the authority may elect, by resolution, to transfer unobligated increment for one or more of the following purposes:

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in the state, including construction jobs, and the construction commences before December 31, ~~2025~~ 2026, and would not have commenced before that date without the assistance; or

(2) to make an equity or similar investment in a corporation, partnership, or limited liability company that the authority determines is necessary to make construction of a development that meets the requirement of clause (1) financially feasible.

(b) For each calendar year for which transfers are permitted under this subdivision, the maximum transfer equals the excess of the district's unobligated increment which includes any increment not required for payments of obligations due during six months following the transfer on outstanding bonds, binding contracts, and other outstanding financial obligations of the district to which the district's increment is pledged.

(c) The authority may transfer increments permitted under this subdivision after creating a written spending plan that authorizes the authority to take the action described in paragraph (a) and details the use of transferred increment, including the use of interest earned on transferred increment. Additionally, the municipality must approve the authority's spending plan after holding a public hearing. The municipality must publish notice of the hearing in a newspaper of general circulation in the municipality and on the municipality's public website at least ten days, but not more than 30 days, prior to the date of the hearing. Prior to December 31, 2025, the municipality may amend a written spending plan to extend the date by which transferred increment may be used, and to authorize use of interest earned on transferred increment, after holding a public hearing as required in this section. A signed and approved copy of the amended plan must be filed with the state auditor. Interest earned on transferred increment may be treated the same as transferred increment regardless of whether a municipality amends a spending plan.

(d) Increment that is improperly retained, received, spent, or transferred is not eligible for transfer under this subdivision.

(e) An authority making a transfer under this subdivision must provide to the Office of the State Auditor a copy of the spending plan approved and signed by the municipality.

(f) The authority to transfer increments under this subdivision expires on December 31, 2022. All transferred increments must be spent, loaned, invested, or otherwise irrevocably committed by December 31, 2025, or by December 31, 2026, if authorized by an amended spending plan pursuant to paragraph (c). Increment not spent, loaned, invested, or otherwise irrevocably committed by ~~December 31, 2025~~ the applicable deadline in the preceding sentence, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on the applicable deadline, or that are subsequently received by the authority or municipality. If the district has already been decertified when increment is returned under this paragraph, the increment shall be treated as excess increment and distributed as provided in subdivision 2, paragraph (c), clause (4).

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

Sec. 4. Minnesota Statutes 2024, section 469.1761, subdivision 1, is amended to read:

Subdivision 1. **Requirement imposed.** (a) In order for a tax increment financing district to qualify as a housing district:

(1) the income limitations provided in this section must be satisfied if the district is located in a metropolitan county as defined in section 473.121, subdivision 4; and

(2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.

(b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located in a targeted area as defined in section 462C.02, subdivision 9, clause (e).

(c) For purposes of the requirements of paragraph (a), the authority may elect to treat an addition to an existing structure as a separate building if:

(1) construction of the addition begins more than three years after construction of the existing structure was completed; and

(2) for an addition that does not meet the requirements of paragraph (a), clause (2), if it is treated as a separate building, the addition was not contemplated by the tax increment financing plan which includes the existing structure.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2025.

Sec. 5. Minnesota Statutes 2024, section 469.1761, subdivision 3, is amended to read:

Subd. 3. **Rental property.** For residential rental property, the property must satisfy the income requirements for a qualified ~~residential rental~~ low-income housing project as defined in section ~~442(d)~~ 42(g) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.

Sec. 6. Minnesota Statutes 2024, section 469.1763, subdivision 2, is amended to read:

Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues derived from tax increments paid by properties in the district that are expended on costs under section 469.176, subdivision 4h, may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are considered to be expenditures for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ~~ten~~ 15 percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code; and

(2) not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

(3) be used to:

(i) acquire and prepare the site of the housing;

(ii) acquire, construct, or rehabilitate the housing; or

(iii) make public improvements directly related to the housing; or

(4) be used to develop housing:

(i) if the market value of the housing does not exceed the lesser of:

(A) 150 percent of the average market value of single-family homes in that municipality; or

(B) \$200,000 for municipalities located in the metropolitan area, as defined in section 473.121, or \$125,000 for all other municipalities; and

(ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel contains a residence containing one to four family dwelling units that has been vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and only after the redemption period has expired; ~~or~~

(5) be used to assist owner-occupied housing that meets the requirements of section 469.1761, subdivision 2; or

(6) be used for transfer to a housing trust fund established pursuant to section 462C.16 for expenditure in accordance with subdivision 7.

(e) The authority under paragraph (d), clause (4), expires on December 31, 2016. Increments may continue to be expended under this authority after that date, if they are used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if December 31, 2016, is considered to be the last date of the five-year period after certification under that provision.

(f) For purposes of determining whether the minimum percentage of expenditures for activities in the district and maximum percentages of expenditures allowed on activities outside the district have been met under this subdivision, any amounts returned to the county auditor as excess increment, as returned increment under subdivision 4, paragraph (g), or as remedies under section 469.1771, subdivision 2, shall first be subtracted from the total revenues derived from tax increments paid by properties in the district. Any other amounts returned to the county auditor for purposes other than a remedy under section 469.1771, subdivision 3, are considered to be expenditures for activities in the district.

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

Sec. 7. Minnesota Statutes 2024, section 469.1763, subdivision 3, is amended to read:

Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties in the district that are expended on an activity within the district will instead be considered to have been expended on an activity outside the district for purposes of subdivision 2 unless:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification of the district, the revenues are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are spent under the contractual obligation;

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs, including interest on unreimbursed costs; or

(5) revenues are spent for housing purposes as described by subdivision 2, paragraph (b).

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if the original refunded bonds meet the requirements of paragraph (a), clause (2).

(c) For a redevelopment district or a renewal and renovation district certified after June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are extended to ten years after certification of the district. For a redevelopment district certified after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph (a) are extended to eight years after certification of the district. This extension is provided primarily to accommodate delays in development activities due to unanticipated economic circumstances.

(d) For a redevelopment district that was certified after December 31, 2017, and before June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years after certification of the district.

(e) For any district certified after June 30, 2025, and not located in a metropolitan county, the five-year periods described in paragraph (a) are extended to ten years after certification of the district. For purposes of this paragraph, "metropolitan county" has the meaning given in section 473.121, subdivision 4.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2025.

Sec. 8. Minnesota Statutes 2024, section 469.1763, subdivision 4, is amended to read:

Subd. 4. **Use of revenues for decertification.** (a) Beginning with the sixth year following certification of the district, or beginning with the year following the extended period for districts whose five-year period is extended under subdivision 3, ~~paragraphs paragraph (c) and, (d), or (e).~~ a district must be decertified when the product of the applicable in-district percentage multiplied by the cumulative revenues derived from tax increments paid by properties in the district that have been collected through the end of the calendar year, equals or exceeds an amount sufficient to pay the following:

- (1) any costs and obligations described in subdivision 3, paragraphs (a) and (b), excluding those under a qualifying pay-as-you-go contract and note;
- (2) any accrued interest on the costs and obligations in clause (1), payable in accordance with the terms thereof; and
- (3) any administrative expenses falling within the exception in subdivision 2, paragraph (c).

(b) For districts with an outstanding qualifying pay-as-you-go contract and note, the required decertification under paragraph (a) is deferred until the end of the remaining term of the last outstanding qualifying pay-as-you-go contract and note, and the applicable in-district percentage of cumulative revenues derived from tax increments paid by properties in the district are sufficient to pay the obligations identified in subdivision 3, paragraphs (a) and (b), provided that the deferral shall not exceed the district's duration limit under section 469.176. During the deferral, beginning at the time paragraph (a) would otherwise require decertification, the authority must annually either:

- (1) remove from the district, by the end of the year, all parcels that will no longer have their tax increment revenue pledged or subject to a qualifying pay-as-you-go contract and note or other costs and obligations described in subdivision 3, paragraphs (a) and (b), after the end of the year; or
- (2) use the applicable in-district percentage of revenues derived from tax increments paid by those parcels to prepay an outstanding qualifying pay-as-you-go contract and note of the district or other costs and obligations described in subdivision 3, paragraphs (a) and (b), or to accumulate and use revenues derived from tax increments paid by those parcels as permitted under paragraph (i).

The authority must remove any parcels as required by this paragraph by modification of the tax increment financing plan and notify the county auditor of the removed parcels by the end of the same calendar year. Notwithstanding section 469.175, subdivision 4, paragraphs (b), clause (1), and (e), the notice, discussion, public hearing, and findings required for approval of the original plan are not required for such a modification.

(c) Notwithstanding paragraph (a) or (b), if tax increment was pledged prior to August 1, 2023, to a bond other than a pay-as-you-go contract and note or interfund loan, and the proceeds of the bond were used solely or in part to pay authorized costs for activities outside the district, the requirement to decertify under paragraph (a) or remove parcels under paragraph (b) shall not apply prior to the bond being fully paid or defeased.

(d) For purposes of this subdivision, "applicable in-district percentage" means the percentage of tax increment revenue that is restricted for expenditures within the district, as determined under subdivision 2, paragraphs (a) and (d), for the district.

(e) For purposes of this subdivision, "qualifying pay-as-you-go contract and note" means a pay-as-you-go contract and note that is considered to be for activities within the district under subdivision 3, paragraph (a).

(f) For purposes of this subdivision, the reference in paragraph (a) to cumulative revenues derived from tax increments paid by properties in the district through the end of the calendar year shall include any final settlement distributions made in the following January. For purposes of the calculation in paragraph (a), any amounts returned to the county auditor as excess increment or as remedies under section 469.1771, subdivision 2, shall first be subtracted from the cumulative revenues derived from tax increments paid by properties in the district.

(g) The timing and implementation of a decertification pursuant to paragraphs (a) and (b) shall be subject to the following:

(1) when a decertification is required under paragraph (a) and not deferred under paragraph (b), the authority must, as soon as practical and no later than the final settlement distribution date of January 25 as identified in section 276.111 for the property taxes payable in the calendar year identified in paragraph (a), make the decertification by resolution effective for the end of the calendar year identified in paragraph (a), and communicate the decertification to the county auditor;

(2) when a decertification is deferred under paragraph (b), the authority must, by December 31 of the year in which the last qualifying pay-as-you-go contract and note reaches termination, make the decertification by resolution effective for the end of that calendar year and communicate the decertification to the county auditor;

(3) if the county auditor is unable to prevent tax increments from being calculated for taxes payable in the year following the year for which the decertification is made effective, the county auditor may redistribute the tax increments in the same manner as excess increments under section 469.176, subdivision 2, paragraph (c), clause (4), without first distributing them to the authority; and

(4) if tax increments are distributed to an authority for a taxes payable year after the year for which the decertification was required to be effective, the authority must return the amount of the distributions to the county auditor for redistribution in the same manner as excess increments under section 469.176, subdivision 2, paragraph (c), clause (4).

(h) The provisions of this subdivision do not apply to a housing district.

(i) Notwithstanding anything to the contrary in paragraph (a) or (b), if an authority has made the election in the tax increment financing plan for the district under subdivision 2, paragraph (d), then the requirement to decertify under paragraph (a) or remove parcels under paragraph (b) shall not apply prior to such time that the accumulated revenues derived from tax increments paid by properties in the district that are eligible to be expended for housing purposes described under subdivision 2, paragraph (d), equals the lesser of the amount the authority is permitted to expend for housing purposes described under subdivision 2, paragraph (d), or the amount authorized for such purposes in the tax increment financing plan. Increment revenues collected after the district would have decertified under paragraph (a) or from parcels which otherwise would be subject to removal under paragraph (b), absent the exception of this paragraph, shall be used solely for housing purposes as described in subdivision 2, paragraph (d).

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2025.

Sec. 9. Minnesota Statutes 2024, section 469.1763, is amended by adding a subdivision to read:

Subd. 7. Increment transferred to a housing trust fund. (a) A city making a transfer under subdivision 2, paragraph (d), clause (6), must allocate the transferred increment in conformity with the city's ordinance or policy establishing the division of funds for rental and homeownership distributions. Funds distributed under this subdivision must follow the following income requirements:

(1) for funds used for rental housing purposes, the funds must benefit households at or below 60 percent of area median income; and

(2) for funds used for homeownership housing purposes, the funds must benefit households at or below 120 percent of area median income.

(b) Any increment transferred for use pursuant to this subdivision is no longer considered increment within the meaning of section 469.174, subdivision 25, and is not subject to the annual reporting requirements imposed by section 469.175.

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

Sec. 10. Minnesota Statutes 2024, section 469.177, subdivision 1, is amended to read:

Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district and that portion of the district overlying any subdistrict as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district and any subdistrict, reduction or enlargement of the district or changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after receipt of the request and sufficient information to identify the parcels included in the district. The certification relates to the taxes payable year as provided in subdivision 6.

(b) If the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(c) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to information reported to the commissioner under section 270C.85, subdivision 2, clause (4), or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If improvements are made to tax exempt property after the municipality approves the district and before the parcel becomes taxable, the assessor shall, at the request of the authority, separately assess the estimated market value of the improvements. If the property becomes taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the parcel, excluding the separately assessed improvements. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement or as a result of tax forfeiture, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(d) If the net tax capacity of a property increases because the property no longer qualifies under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act, chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because platted, unimproved property is improved or market value is increased after approval of the plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be added to the original net tax capacity. If the net tax capacity of a property increases because the property no longer qualifies for the homestead market value exclusion under section 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax capacity if the original construction of the affected home was completed before the date the assessor certified the original net tax capacity of the district.

(e) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt or qualifying in whole or part for an exclusion from taxable market value, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt, being excluded from taxable market value, or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of

certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(f) If a parcel of property contained a substandard building or improvements described in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174, subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building or other improvements were demolished or removed, but applying the classification rates for the current year.

(g) For a redevelopment district qualifying under section 469.174, subdivision 10, paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of the land as the original tax capacity for any parcel in the district that contains a building that suffered substantial damage as a result of the disaster or emergency.

(h) For a redevelopment district qualifying under section 469.174, subdivision 10, paragraph (a), clause (5), as a property with vacant or underused commercial or industrial buildings, the auditor shall certify the value of the land as the original tax capacity for any parcel in the district that contains a commercial or industrial building determined to be vacant or underused.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2025.

Sec. 11. Laws 2010, chapter 389, article 7, section 22, as amended by Laws 2011, chapter 112, article 11, section 16, is amended to read:

Sec. 22. CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

(a) If the city of Ramsey or an authority of the city elects upon the adoption of a tax increment financing plan for a district, the rules under this section apply to a redevelopment tax increment financing district established by the city or an authority of the city. The redevelopment tax increment district includes parcels within the area bounded on the east by Ramsey Boulevard, on the north by Bunker Lake Boulevard as extended west to Llama Street, on the west by Llama Street, and on the south by a line running parallel to and 600 feet south of the southerly right-of-way for U.S. Highway 10, but including Parcels 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding the Anoka County Regional Park property in its entirety. A parcel within this area that is included in a tax increment financing district that was certified before the date of enactment of this act may be included in the district created under this act if the initial district is decertified.

(b) The requirements for qualifying a redevelopment tax increment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located within the district.

(c) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district. Eligible expenditures within the district include but are not limited to (1) the city's share of the costs necessary to provide for the construction of the Northstar Transit Station and related infrastructure, including structured parking, a pedestrian overpass, and roadway improvements, (2) the cost of land acquired by the city or the housing and redevelopment authority in and for the city of Ramsey within the district prior to the establishment of the district, and (3) the cost of public improvements installed within the tax increment financing district prior to the establishment of the district.

(d) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for the district if the activities were undertaken within ten years from the date of certification of the district.

(e) Except for administrative expenses, the in-district percentage for purposes of the restriction on pooling under Minnesota Statutes, section 469.1763, subdivision 2, for this district is 100 percent.

(f) The requirement of Minnesota Statutes, section 469.177, subdivision 4, does not apply to Parcels 28-32-25-42-0021 and 28-32-25-41-0014, where development occurred after enactment of Laws 2010, chapter 389, article 7, section 22, and prior to adoption of the tax increment financing plan for the district.

(g) The requirement of Minnesota Statutes, section 469.178, subdivision 7, paragraph (b), is considered to be met for the district if the city adopts interfund loan resolutions reflecting the terms and conditions required by Minnesota Statutes, section 469.178, subdivision 7, paragraph (d), by December 31, 2025.

EFFECTIVE DATE. This section is effective the day after the city of Ramsey and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. Laws 2013, chapter 143, article 9, section 21, is amended to read:

Sec. 21. CITY OF MAPLEWOOD; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

(a) If the city of Maplewood elects, upon the adoption of a tax increment financing plan for a district, the rules under this section apply to one or more redevelopment tax increment financing districts established by the city or the economic development authority of the city. The area within which the redevelopment tax increment districts may be created is parcel 362922240002 (the "parcel") or any replatted parcels constituting a part of the parcel and the adjacent rights-of-way. For purposes of this section, the parcel is the "3M Renovation and Retention Project Area" or "project area."

(b) The requirements for qualifying redevelopment tax increment districts under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcel, which is deemed eligible for inclusion in a redevelopment tax increment district.

(c) The 90 percent rule under Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the parcel.

~~(d) The expenditures outside district rule under Minnesota Statutes, section 469.1763, subdivision 2, does not apply;~~ The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years; and expenditures must only be made within the project area or the area bounded by State Highway 61 to the West, Interstate Highway 694 to the North, McKnight Road to the East, and a line extending from Frost Avenue through to McKnight Road to the South.

(e) If, after one year from the date of certification of the original net tax capacity of the tax increment district, no demolition, rehabilitation, or renovation of property has been commenced on a parcel located within the tax increment district, no additional tax increment may be taken from that parcel, and the original net tax capacity of the parcel shall be excluded from the original net tax capacity of the tax increment district. If 3M Company subsequently commences demolition, rehabilitation, or renovation, the authority shall certify to the county auditor that the activity has commenced, and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment district. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district.

(f) The authority to approve a tax increment financing plan and to establish a tax increment financing district under this section expires December 31, 2018.

EFFECTIVE DATE. This section is effective the day after the city of Maplewood and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. Laws 2014, chapter 308, article 6, section 9, as amended by Laws 2017, First Special Session chapter 1, article 6, section 12, is amended to read:

Sec. 9. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.

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

(b) "City" means the city of Maple Grove.

(c) "Project area" means all or a portion of the area in the city commencing at a point 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23, thence south along said west line a distance of 1,200 feet; thence easterly to the east line of Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence South along the east line of said Outlot A and its southerly extension to the south right-of-way line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east line to the north line of the South Half of the Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way line of Jefferson Highway North; thence southerly along the westerly right-of-way line of Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the westerly right-of-way line of State Highway 169 and the northerly right-of-way line of Interstate 694 to its intersection with the southerly extension of the easterly right-of-way line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning and there terminating, provided that the project area includes the rights-of-way for all present and future highway interchanges abutting the area described in this paragraph, and may include any additional property necessary to cause the property included in the tax increment financing district to consist of complete parcels.

(d) "Soil deficiency district" means a type of tax increment financing district consisting of a portion of the project area in which the city finds by resolution that the following conditions exist:

(1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), but excluding costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before completion of the preparation.

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that require substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ~~eight~~ 13 years for any district, and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through ~~20~~ 25 years after the receipt by the authority of the first increment from the district;

(2) increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district; and

(3) any parcel acquired with increments from the district must be sold at no less than their fair market value.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

(h) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires June 30, 2020.

(i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use increments from a soil deficiency district to acquire parcels and for other infrastructure costs either inside or outside of the district, but within the project area, if the acquisition or infrastructure is for a qualified development. For purposes of this paragraph, a development is a qualified development only if all of the following requirements are satisfied:

(1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken primarily to serve the development;

(2) the city has a binding, written commitment and adequate financial assurances from the developer that the development will be constructed; and

(3) the development does not consist of retail trade or housing improvements.

EFFECTIVE DATE. (a) The amendment to subdivision 2, paragraph (f), is effective upon compliance by the city of Maple Grove, Hennepin County, and Independent School District No. 279 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

(b) The amendment to subdivision 2, paragraph (d), is effective the day after the governing body of the city of Maple Grove and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 14. Laws 2017, First Special Session chapter 1, article 6, section 22, is amended to read:

Sec. 22. CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.

(a) For purposes of computing the duration limits under Minnesota Statutes, section 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing District. This authority is limited to the first four years of increment or increments derived from taxes payable in 2023, whichever occurs first.

(b) If the city elects to waive receipt of increment under paragraph (a), for purposes of applying any limits based on when the district was certified under Minnesota Statutes, section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed to be January 2 of the property tax assessment year for which increment is first received under the waiver.

(c) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for the Ford Site Redevelopment Tax Increment Financing District in the city of St. Paul.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 15. **CITY OF BROOKLYN CENTER; TIF AUTHORITY.**

Subdivision 1. Establishment. Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Center or the city of Brooklyn Center may establish not more than two redevelopment tax increment financing districts located wholly within the area in the city identified as the "Opportunity Site," which includes the area bounded by Shingle Creek Parkway from Hennepin County State-Aid Highway 10 to Summit Drive North; Summit Drive North from Shingle Creek Parkway to marked Trunk Highway 100; marked Trunk Highway 100 from Summit Drive North to Hennepin County State-Aid Highway 10; and Hennepin County State-Aid Highway 10 from marked Trunk Highway 100 to Shingle Creek Parkway, together with internal and adjacent roads and rights of way.

Subd. 2. Special rules. If the city or the authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the district is deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. Expiration. The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires on December 31, 2031.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brooklyn Center and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 16. **CITY OF BROOKLYN PARK; TIF AUTHORITY; 610/ZANE AREA.**

Subdivision 1. Establishment of districts. Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Park or the city of Brooklyn Park may establish not more than two redevelopment districts located wholly within the area of the city of Brooklyn Park. The districts may be comprised of the following parcels identified by their current parcel identification numbers together with adjacent and internal roads and rights-of-way:

<u>0811921410009</u>	<u>0811921140050</u>	<u>0811921140051</u>	<u>0911921120005</u>	<u>0911921210007</u>
<u>0911921230008</u>	<u>0911921230049</u>	<u>0911921240006</u>	<u>0911921240009</u>	<u>0911921310004</u>
<u>0911921320018</u>	<u>0911921330009</u>	<u>0911921430006</u>	<u>0911921430014</u>	<u>0911921430015</u>
<u>0911921430019</u>	<u>0911921430020</u>	<u>0911921430028</u>	<u>0911921430030</u>	<u>0911921430033</u>
<u>0911921430037</u>	<u>0911921430038</u>	<u>0911921430040</u>	<u>0911921430048</u>	<u>0911921430054</u>
<u>0911921430055</u>	<u>0911921430059</u>	<u>0911921430069</u>	<u>0911921430071</u>	<u>0911921430072</u>
<u>0911921430076</u>	<u>0911921430080</u>	<u>0911921430081</u>	<u>0911921430082</u>	<u>0911921430083</u>
<u>0911921430086</u>	<u>0911921430087</u>	<u>0911921430088</u>	<u>0911921430094</u>	<u>0911921430095</u>
<u>0911921430099</u>	<u>0911921430104</u>	<u>0911921430114</u>	<u>0911921210005</u>	<u>0911921210095</u>
<u>0911921220070</u>	<u>0911921220071</u>	<u>0911921230009</u>	<u>0911921230010</u>	<u>0911921230011</u>
<u>0911921230012</u>	<u>0911921230013</u>	<u>0911921240005</u>	<u>0911921240008</u>	<u>0911921310007</u>
<u>0911921310009</u>	<u>0911921320023</u>	<u>0911921330008</u>	<u>0911921330011</u>	<u>0911921340008</u>
<u>0911921340014</u>	<u>0911921340017</u>	<u>0911921430018</u>	<u>0911921430024</u>	<u>0911921430025</u>
<u>0911921430029</u>	<u>0911921430034</u>	<u>0911921430035</u>	<u>0911921430039</u>	<u>0911921430044</u>
<u>0911921430045</u>	<u>0911921430049</u>	<u>0911921430058</u>	<u>0911921430060</u>	<u>0911921430061</u>
<u>0911921430062</u>	<u>0911921430063</u>	<u>0911921430067</u>	<u>0911921430068</u>	<u>0911921430090</u>
<u>0911921430093</u>	<u>0911921430097</u>	<u>0911921430098</u>	<u>0911921430102</u>	<u>0911921430103</u>
<u>0911921430112</u>	<u>0911921430113</u>	<u>0911921430120</u>	<u>0811921440008</u>	<u>0911921210006</u>

<u>0911921210096</u>	<u>0911921210100</u>	<u>0911921210101</u>	<u>0911921220008</u>	<u>0911921220017</u>
<u>0911921230014</u>	<u>0911921230015</u>	<u>0911921240004</u>	<u>0911921240007</u>	<u>0911921310010</u>
<u>0911921310011</u>	<u>0911921310012</u>	<u>0911921330010</u>	<u>0911921330012</u>	<u>0911921340009</u>
<u>0911921430013</u>	<u>0911921430017</u>	<u>0911921430021</u>	<u>0911921430022</u>	<u>0911921430026</u>
<u>0911921430031</u>	<u>0911921430032</u>	<u>0911921430036</u>	<u>0911921430041</u>	<u>0911921430042</u>
<u>0911921430046</u>	<u>0911921430053</u>	<u>0911921430057</u>	<u>0911921430064</u>	<u>0911921430065</u>
<u>0911921430073</u>	<u>0911921430077</u>	<u>0911921430078</u>	<u>0911921430100</u>	<u>0911921430105</u>
<u>0911921430107</u>	<u>0911921430108</u>	<u>0911921430110</u>	<u>0911921430115</u>	<u>0911921430117</u>
<u>0911921430118</u>	<u>0911921210097</u>	<u>0911921210099</u>	<u>0911921220014</u>	<u>0911921220015</u>
<u>0911921220068</u>	<u>0911921230005</u>	<u>0911921320016</u>	<u>0911921320021</u>	<u>0911921320024</u>
<u>0911921330006</u>	<u>0911921340015</u>	<u>0911921340016</u>	<u>0911921430009</u>	<u>0911921430010</u>
<u>0911921430011</u>	<u>0911921430012</u>	<u>0911921430016</u>	<u>0911921430023</u>	<u>0911921430027</u>
<u>0911921430043</u>	<u>0911921430047</u>	<u>0911921430050</u>	<u>0911921430051</u>	<u>0911921430052</u>
<u>0911921430056</u>	<u>0911921430066</u>	<u>0911921430070</u>	<u>0911921430074</u>	<u>0911921430075</u>
<u>0911921430079</u>	<u>0911921430084</u>	<u>0911921430085</u>	<u>0911921430089</u>	<u>0911921430091</u>
<u>0911921430092</u>	<u>0911921430096</u>	<u>0911921430101</u>	<u>0911921430106</u>	<u>0911921430109</u>
<u>0911921430111</u>	<u>0911921430116</u>	<u>0911921430119</u>	<u>0611921440003</u>	<u>Unplatted 0611921</u>

Subd. 2. **Special rules.** If the city or the authority establishes any tax increment financing district under subdivision 1, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. **Expiration.** The authority to request certification of any district under this section expires on December 31, 2030.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 17. **CITY OF BROOKLYN PARK; TIF AUTHORITY; BIOTECH AREA.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Park or the city of Brooklyn Park may establish not more than two redevelopment districts located wholly within the area of the city of Brooklyn Park. The districts may be comprised of the following parcels identified by their current parcel identification numbers together with adjacent and internal roads and rights-of-way:

<u>0711921110007</u>	<u>0711921140001</u>	<u>0711921140002</u>	<u>0711921140007</u>	<u>0711921240002</u>
<u>0711921240004</u>	<u>0711921110005</u>	<u>0711921120009</u>	<u>0711921220003</u>	<u>0711921230001</u>
<u>0711921230002</u>	<u>0811921230004</u>	<u>0711921110004</u>	<u>0711921110006</u>	<u>0711921110008</u>
<u>0711921120005</u>	<u>0711921130005</u>	<u>0711921140005</u>	<u>0711921140006</u>	<u>0711921210003</u>
<u>0711921110003</u>	<u>0711921120006</u>	<u>0811921230002</u>	<u>0811921220002</u>	

Subd. 2. **Special rules.** If the city or the authority establishes any tax increment financing district under subdivision 1, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. Expiration. The authority to request certification of any district under this section expires on December 31, 2030.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 18. CITY OF BROOKLYN PARK; TIF AUTHORITY; VILLAGE CREEK AREA.

Subdivision 1. Establishment of districts. Upon the termination of Tax Increment Financing District No. 20 within the city of Brooklyn Park, under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Park or city of Brooklyn Park may establish not more than two redevelopment tax increment financing districts located wholly within the area of the city of Brooklyn Park. The districts may be comprised of the following parcels identified by their current parcel identification numbers:

<u>2011921430101</u>	<u>2011921440088</u>	<u>2011921430092</u>	<u>2011921430099</u>	<u>2111921330104</u>
<u>2111921340003</u>	<u>2111921340005</u>	<u>2111921340006</u>	<u>2111921340019</u>	<u>2111921340021</u>
<u>2111921330066</u>	<u>2111921330068</u>	<u>2111921340017</u>	<u>2111921340018</u>	<u>2811921130004</u>
<u>2811921130005</u>	<u>2811921140007</u>	<u>2811921210003</u>	<u>2811921220002</u>	<u>2811921220007</u>
<u>2811921240004</u>	<u>2811921240009</u>	<u>2811921240010</u>	<u>2811921240107</u>	<u>2811921310001</u>
<u>2811921340010</u>	<u>2911921120032</u>	<u>2811921130014</u>	<u>2811921130015</u>	<u>2811921130024</u>
<u>2811921140012</u>	<u>2811921210014</u>	<u>2811921210020</u>	<u>2811921210023</u>	<u>2811921210103</u>
<u>2811921220001</u>	<u>2811921220003</u>	<u>2811921220005</u>	<u>2811921240007</u>	<u>2811921340006</u>
<u>2911921120001</u>	<u>2911921120004</u>	<u>2011921440089</u>	<u>2111921330067</u>	<u>2111921340002</u>
<u>2111921340004</u>	<u>2111921340027</u>	<u>2111921340113</u>	<u>2811921120001</u>	<u>2811921130001</u>
<u>2811921130017</u>	<u>2811921130023</u>	<u>2811921210001</u>	<u>2811921210016</u>	<u>2811921210033</u>
<u>2811921210060</u>	<u>2811921210101</u>	<u>2811921240006</u>	<u>2811921240017</u>	<u>2911921110004</u>
<u>2911921120005</u>	<u>2011921430093</u>	<u>2011921430100</u>	<u>2011921430102</u>	<u>2011921430103</u>
<u>2111921330102</u>	<u>2111921330103</u>	<u>2111921340001</u>	<u>2111921340007</u>	<u>2111921340020</u>
<u>2111921340022</u>	<u>2811921120002</u>	<u>2811921120104</u>	<u>2811921130002</u>	<u>2811921130020</u>
<u>2811921130021</u>	<u>2811921210022</u>	<u>2811921210034</u>	<u>2811921210099</u>	<u>2811921210102</u>
<u>2811921220006</u>	<u>2811921240003</u>	<u>2811921240012</u>	<u>2811921340005</u>	<u>2811921340009</u>
<u>2911921110118</u>	<u>2911921120006</u>	<u>2911921120043</u>	<u>3311921210001</u>	

together with adjacent and internal roads and rights-of-way, and the following roadways within the city of Brooklyn Park: Zane Avenue North (from and including the intersection at 78th Avenue North to and including the intersection at Highway 94), Brooklyn Boulevard (from and including the intersection at the border of Brooklyn Center to and including the intersection at Kentucky Avenue North), Brookdale Drive North (from and including the intersection at Zane Avenue North to and including the intersection at Welcome Avenue North), Village Creek Parkway North, 77th Avenue North (from and including the intersection at Village Creek Parkway North to and including the intersection at Brookdale Drive North), 73rd Avenue North/Regent Avenue (from and including the intersection at Zane Avenue North to and including the intersection at Brooklyn Boulevard).

Subd. 2. Special rules. If the city or the authority establishes any tax increment financing district under subdivision 1, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. **Expiration.** The authority to request certification of any district under this section expires on December 31, 2031.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 19. **CITY OF EDEN PRAIRIE; TAX INCREMENT FINANCING AUTHORITY; EDEN PRAIRIE CENTER.**

Subdivision 1. **Establishment.** Pursuant to the special rules established in subdivision 2, the economic development authority of the city of Eden Prairie or the city of Eden Prairie may establish not more than two redevelopment districts located within the area of the city of Eden Prairie consisting of parcels, together with adjacent roads and rights-of-way, within the area surrounded by Flying Cloud Drive, West 78th Street, and Prairie Center Drive.

Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

- (1) the districts are deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10; and
- (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2026.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Eden Prairie and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 20. **CITY OF EDINA; 70TH AND FRANCE TIF DISTRICT; FIVE-YEAR RULE EXTENSION; DURATION EXTENSION.**

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District 70th and France in the city of Edina.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the city of Edina or its housing and redevelopment authority may elect to extend the duration of the district by ten years for Tax Increment Financing District 70th and France.

EFFECTIVE DATE. Paragraph (a) is effective the day after the governing body of the city of Edina and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance by the city of Edina, Hennepin County, and Independent School District No. 273 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 21. **CITY OF EDINA; 72ND AND FRANCE 2 TIF DISTRICT; FIVE-YEAR RULE EXTENSION; DURATION EXTENSION.**

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District 72nd and France 2 in the city of Edina.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the city of Edina or its housing and redevelopment authority may elect to extend the duration of the district by five years for Tax Increment Financing District 72nd and France 2.

EFFECTIVE DATE. Paragraph (a) is effective the day after the governing body of the city of Edina and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance by the city of Edina, Hennepin County, and Independent School District No. 273 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 22. **CITY OF MARSHALL; TEMPORARY USE OF INCREMENT; EXTENSION.**

(a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, paragraph (f), the city of Marshall may elect to spend, loan, or invest transferred increment authorized under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that the transferred increment was collected from TIF District No. 1-1, TIF District No. 1-7, or TIF District No. 2-1, in the city of Marshall, and the use of the transferred increment is detailed in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n, paragraph (c).

(b) Increment not spent, loaned, or invested by December 31, 2027, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or investment earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on December 31, 2027, or that are subsequently received by the authority or municipality.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Marshall and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 23. **CITY OF MINNETONKA; OPUS TIF DISTRICT; FIVE-YEAR RULE EXTENSION.**

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for the Opus tax increment financing district established in 2021 by the economic development authority in the city of Minnetonka.

(b) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Minnetonka and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 24. **CITY OF MOORHEAD; TAX INCREMENT FINANCING DISTRICT NO. 31; FIVE-YEAR RULE EXTENSION.**

The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District No. 31 in the city of Moorhead.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Moorhead and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 25. **CITY OF OAKDALE; TEMPORARY USE OF INCREMENT; EXTENSION.**

(a) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4n, paragraph (f), the city of Oakdale may elect to spend, loan, or invest transferred increment authorized under Minnesota Statutes, section 469.176, subdivision 4n, through December 31, 2027, provided that the transferred increment was collected from TIF District No. 1-4 or TIF District No. 1-6, in the city of Oakdale, and the use of the transferred increment is detailed in the city's written spending plan adopted pursuant to Minnesota Statutes, section 469.176, subdivision 4n, paragraph (c).

(b) Increment not spent, loaned, or invested by December 31, 2027, must be returned to the district. The requirement to return increment to the district includes any proceeds, principal, and interest received on loans of transferred increment; interest or invest earnings on transferred increment; or other repayments or returns of transferred increment defined as tax increment under Minnesota Statutes, section 469.174, subdivision 25, that remain in the funds or accounts of the authority or municipality on December 31, 2027, or that are subsequently received by the authority or municipality.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Oakdale and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 26. **CITY OF PLYMOUTH; TAX INCREMENT FINANCING; ESTABLISHMENT.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the city of Plymouth may establish not more than two redevelopment districts located wholly within the city of Plymouth, Hennepin County, Minnesota, limited to the area identified as the city center district in the Plymouth, Minnesota Zoning Map in effect on January 1, 2024, and adopted pursuant to section 21000.12 of the Plymouth Zoning Code of Ordinances.

Subd. 2. **Special rules.** If the city establishes a tax increment financing district under this section, the following special rules apply:

(1) the district is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district; and

(3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years, and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2031.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Plymouth and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 27. **CITY OF ST. CLOUD; TAX INCREMENT FINANCING; ESTABLISHMENT.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of St. Cloud or the city of St. Cloud may establish not more than two redevelopment districts adjacent to the Division Street corridor or within the Central Business District or Fringe Central District, limited to the following parcels identified by tax identification numbers, together with the adjacent roads and rights-of-way:

(1) in Stearns County: 82517020000 (Lady Slipper Catalyst Site); 82515440001 (North Riverfront Catalyst Site); 82515470000; 82515480000 (Empire Catalyst Site); 82518760015 (Swan Lot Catalyst Site); 82528850020 (Riverboat Lot Catalyst Site); and 82528850001 (Former Herberger's); and

(2) in Benton County: 170037810 (Transit Oriented Development Catalyst Site); 170058101 (Ace Block Catalyst Site); 170042000; 170041600; 170041100; 170041601; 170041200; 170041800; 170059600 (Star Bank Catalyst Site); 170059300 (Riverfront South Catalyst Site); 170058300; 170059200; 170058600; 170058800; 170059100; and 170058900.

Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district; and

(3) increments generated from the districts may be expended for the reconstruction, expansion, or new construction of adjacent public infrastructure, including but not limited to public parking, streets, and utilities necessary to serve the development, and all expenditures under this clause are deemed expended on activities within the district for purposes of Minnesota Statutes, section 469.1763.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires on December 31, 2031.

EFFECTIVE DATE. This section is effective the day after the city of St. Cloud and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 28. CITY OF ST. CLOUD; COOPER AVENUE REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT; FIVE-YEAR RULE EXTENSION.

The following special rule applies for the Cooper Avenue Redevelopment Tax Increment Financing District administered by the city of St. Cloud. The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is extended by a five-year period to April 30, 2031. Beginning in 2032, the requirements of Minnesota Statutes, section 469.1763, subdivision 4, apply to the district.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Cloud and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 6
PUBLIC FINANCE

Section 1. Minnesota Statutes 2024, section 373.40, subdivision 2, is amended to read:

Subd. 2. **Application of election requirement.** (a) Bonds issued by a county to finance capital improvements under an approved capital improvement plan are not subject to the election requirements of section 375.18 or 475.58. The bonds must be approved by vote of at least three-fifths of the members of the county board. In the case of a metropolitan county, the bonds must be approved by vote of at least two-thirds of the members of the county board.

(b) Before issuance of bonds qualifying under this section, the county must publish a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the county or in a newspaper of general circulation in the county. The notice must be published at least ~~14~~ ten, but not more than 28, days before the date of the hearing.

(c) A county may issue the bonds only upon obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the county in the last county general election and is filed with the county auditor within 30 days after the public hearing. If the county elects not to submit the question to the voters, the county shall not propose the issuance of bonds under this section for the same purpose and in the same amount for a period of 365 days from the date of receipt of the petition. If the question of issuing the bonds is submitted and not approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

Sec. 2. Minnesota Statutes 2024, section 446A.086, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota Public Facilities Authority.

(c) "Commissioner" means the commissioner of management and budget.

(d) "Debt obligation" means:

(1) a general obligation bond or note issued by a county, a bond or note to which the general obligation of a county is pledged under section 469.034, subdivision 2, or a bond or note payable from a county lease obligation under section 641.24, to provide funds for the construction of:

(i) jails;

(ii) correctional facilities;

(iii) law enforcement facilities;

(iv) a courthouse or justice center, if connected to a jail, correctional facility, or other law enforcement facility;

~~(iv)~~ (v) social services and human services facilities;

~~(v)~~ (vi) solid waste facilities; or

~~(vi)~~ (vii) qualified housing development projects as defined in section 469.034, subdivision 2; or

(2) a general obligation bond or note issued by a governmental unit to provide funds for the construction, improvement, or rehabilitation of:

(i) wastewater facilities;

(ii) drinking water facilities;

(iii) stormwater facilities; or

(iv) any publicly owned building or infrastructure improvement that has received partial funding from grants awarded by the commissioner of employment and economic development related to redevelopment, contaminated site cleanup, bioscience, small cities development programs, and rural business infrastructure programs, for which bonds are issued by the authority under section 446A.087.

(e) "Governmental unit" means a county or a statutory or home rule charter city.

Sec. 3. Minnesota Statutes 2024, section 446A.086, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) This section provides a state guarantee of the payment of principal and interest on debt obligations if:

(1) the obligations are issued for new projects or the refunding at a net present value savings of debt service costs of obligations that are currently guaranteed pursuant to this section and are not issued for the purposes of refunding previous obligations other than as described in this sentence;

(2) application to the Public Facilities Authority is made before issuance; and

(3) the obligations are covered by an agreement meeting the requirements of subdivision 3.

(b) Applications to be covered by the provisions of this section must be made in a form and contain the information prescribed by the authority. Applications are subject to either a fee of \$500 for each bond issue requested by a county or governmental unit or the applicable fees under section 446A.087.

(c) Application fees paid under this section must be deposited in a separate credit enhancement bond guarantee account in the special revenue fund. Money in the credit enhancement bond guarantee account is appropriated to the authority for purposes of administering this section.

(d) Neither the authority nor the commissioner is required to promulgate administrative rules under this section and the procedures and requirements established by the authority or commissioner under this section are not subject to chapter 14.

Sec. 4. Minnesota Statutes 2024, section 462C.04, subdivision 2, is amended to read:

Subd. 2. **Program review.** A public hearing shall be held on each program after one publication of notice in a newspaper circulating generally in the city, at least ~~15~~ ten days before the hearing. On or before the day on which notice of the public hearing is published, the city shall submit the program to the Metropolitan Council, if the city is located in the metropolitan area as defined in section 473.121, subdivision 2, or to the regional development commission for the area in which the city is located, if any, for review and comment. The appropriate reviewing agency shall comment on:

(a) whether the program furthers local and regional housing policies and is consistent with the Metropolitan Development Guide, if the city is located in the metropolitan area, or adopted policies of the regional development commission; and

(b) the compatibility of the program with the housing portion of the comprehensive plan of the city, if any.

Review of the program may be conducted either by the board of the reviewing agency or by the staff of the agency. Any comment submitted by the reviewing agency to the city must be presented to the body considering the proposed program at the public hearing held on the program.

A member or employee of the reviewing agency shall be permitted to present the comments of the reviewing agency at the public hearing. After conducting the public hearing, the program may be adopted with or without amendment, provided that any amendments must not be inconsistent with the comments, if any, of the reviewing agency and must not contain any material changes from the program submitted to the reviewing agency other than changes in the financial aspects of any proposed issue of bonds or obligations. If any material change other than a

change in the financial aspects of a proposed issue of bonds or obligations, or any change which is inconsistent with the comments of the reviewing agency is adopted, the amended program shall be resubmitted to the appropriate reviewing agency for review and comment, and a public hearing shall be held on the amended program after one publication of notice in a newspaper circulating generally in the city at least ~~45~~ ten days before the hearing. The amended program shall be considered after the public hearing in the same manner as consideration of the initial program.

Sec. 5. Minnesota Statutes 2024, section 469.104, is amended to read:

469.104 SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.

Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.090 to 469.108 that are ~~limited~~ required by federal tax law as defined in section 474A.02, subdivision 8, to obtain an allocation of volume cap.

Sec. 6. Minnesota Statutes 2024, section 469.154, subdivision 4, is amended to read:

Subd. 4. **Hearing.** Prior to submitting an application to the department requesting approval of a project pursuant to subdivision 3, the governing body or a committee of the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than ~~44~~ ten days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the department, together with all attachments and exhibits, shall be available for public inspection following the publication of the notice and shall specify the place and times where and when it will be so available. The governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency shall adopt a resolution determining whether or not to proceed with the project and its financing; it may thereafter apply to the department for approval of the project.

Sec. 7. Minnesota Statutes 2024, section 474A.091, subdivision 2, is amended to read:

Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an allocation for residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

- (1) a preliminary resolution;
- (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code;
- (3) an application deposit in the amount of two percent of the requested allocation;
- (4) a sworn statement from the applicant identifying the project as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project; and
- (5) a certification from the applicant or its accountant stating that the requested allocation does not exceed the aggregate bond limitation.

The issuer must pay the application deposit to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for residential rental project bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must permanently issue obligations equal to all or a portion of the allocation received on or before the earlier of: (1) 180 days of the allocation; or (2) the last business day of December. If an issuer that receives an allocation under this subdivision does not permanently issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the unified pool.

(c) The Minnesota Housing Finance Agency may apply for and receive an allocation under this section without submitting an application deposit.

Sec. 8. Minnesota Statutes 2024, section 474A.091, subdivision 2a, is amended to read:

Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply for an allocation for all types of qualified bonds other than residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

- (1) a preliminary resolution;
- (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code;
- (3) the type of qualified bonds to be issued;
- (4) an application deposit in the amount of two percent of the requested allocation; and
- (5) a public purpose scoring worksheet for manufacturing and enterprise zone applications.

The issuer must pay the application deposit to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for public facility bonds or mortgage bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, an entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must permanently issue obligations equal to all or a portion of the allocation received on or before the earlier of: (1) 120 days of the allocation; or (2) the last business day of December. If an issuer that receives an allocation under this subdivision does not permanently issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the unified pool.

(c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds under this section prior to the first Monday in October, but may be awarded allocations for mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota Rural Finance Authority may apply for and receive an allocation under this section without submitting an application deposit.

Sec. 9. Minnesota Statutes 2024, section 475.521, subdivision 2, is amended to read:

Subd. 2. **Election requirement.** (a) Bonds issued by a municipality to finance capital improvements under an approved capital improvements plan are not subject to the election requirements of section 475.58. The bonds must be approved by an affirmative vote of three-fifths of the members of a five-member governing body. In the case of a governing body having more or less than five members, the bonds must be approved by a vote of at least two-thirds of the members of the governing body.

(b) Before the issuance of bonds qualifying under this section, the municipality must publish a notice of its intention to issue the bonds and the date and time of the hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the municipality or in a newspaper of general circulation in the municipality. Additionally, the notice may be posted on the official website, if any, of the municipality. The notice must be published at least ~~14~~ ten but not more than 28 days before the date of the hearing.

(c) A municipality may issue the bonds only after obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the municipality in the last municipal general election and is filed with the clerk within 30 days after the public hearing. If the municipality elects not to submit the question to the voters, the municipality shall not propose the issuance of bonds under this section for the same purpose and in the same amount for a period of 365 days from the date of receipt of the petition. If the question of issuing the bonds is submitted and not approved by the voters, the provisions of section 475.58, subdivision 1a, shall apply.

Sec. 10. Minnesota Statutes 2024, section 641.23, is amended to read:

641.23 FUNDS; HOW PROVIDED.

Before any contract is made for the erection of a county jail, sheriff's residence, ~~or both sheriff's offices, law enforcement center, or courthouse or justice center attached to a county jail~~, the county board shall either levy a sufficient tax to provide the necessary funds, or issue county bonds therefor in accordance with the provisions of chapter 475, provided that no election is required if the amount of all bonds issued for this purpose and interest on them which are due and payable in any year does not exceed an amount equal to 0.09671 percent of estimated market value of taxable property within the county, as last determined before the bonds are issued.

ARTICLE 7 MISCELLANEOUS TAX PROVISIONS

Section 1. Minnesota Statutes 2024, section 3.192, is amended to read:

3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.

(a) ~~Any~~ Within 60 days after final enactment of a bill that creates, renews, or continues a tax expenditure ~~must include a statement of intent~~, the chairs of the house of representatives and senate committees with primary jurisdiction over taxes must submit to the Tax Expenditure Review Commission a statement of objective that clearly provides the purpose of the tax expenditure and a standard or goal against which its effectiveness may be measured.

(b) For purposes of this section, "tax expenditure" has the meaning given in section 270C.11, subdivision 6, and "Tax Expenditure Review Commission" means the commission established under section 3.8855.

(c) Any bill that creates a new tax expenditure or continues an expiring tax expenditure must include an expiration date for the tax expenditure that is no more than eight years from the day the provision takes effect.

EFFECTIVE DATE. This section is effective the day following final enactment for tax expenditures authorized in this act.

Sec. 2. Minnesota Statutes 2024, section 3.8855, subdivision 2, is amended to read:

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

(1) "commissioner" means the commissioner of revenue; and

(2) "significant tax expenditure," "tax," and "tax expenditure" have the meanings given in section 270C.11, subdivision 6.

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

Sec. 3. Minnesota Statutes 2024, section 3.8855, subdivision 3, is amended to read:

Subd. 3. **Membership.** (a) The commission consists of:

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

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

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

(4) two representatives appointed by the minority leader of the house of representatives; and

(5) the commissioner of revenue or the commissioner's designee.

(b) Each appointing authority must make appointments by January 31 of the regular legislative session in the odd-numbered year.

(c) If the chair of the house or senate committee with primary jurisdiction over taxes is not an appointed member, the chair is an ex officio, nonvoting member of the commission.

(d) The commissioner may designate another individual to represent the commissioner or the commissioner's designee at any meeting of the commission.

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

Sec. 4. Minnesota Statutes 2024, section 3.8855, subdivision 4, is amended to read:

Subd. 4. **Duties.** (a) For not more than three years after the commission is established, the commission must complete an initial review of the state's tax expenditures. The initial review must identify the ~~purpose objective~~ of each of the state's tax expenditures; if none was ~~identified in the enacting legislation~~ submitted to the commission in accordance with section 3.192. The commission may also identify metrics for evaluating the effectiveness of an expenditure.

(b) The commission must review and evaluate Minnesota's tax expenditures on a regular, rotating basis. The commission must establish a review schedule that ensures each tax expenditure will be reviewed by the commission at least once every ten years. The commission may review expenditures affecting similar constituencies or policy areas in the same year, but the commission must review a subset of the tax expenditures within each tax type each year. To the extent possible, the commission must review a similar number of tax expenditures within each tax type each year. The commission may decide not to review a tax expenditure that is adopted by reference to federal law.

(c) Before ~~December~~ February 1 of the year a tax expenditure is included in a commission report, the commission must hold a public hearing on the expenditure, including but not limited to a presentation of the review components in subdivision 5.

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

Sec. 5. Minnesota Statutes 2024, section 3.8855, subdivision 5, is amended to read:

Subd. 5. **Components of review.** (a) When reviewing a tax expenditure, the commission must at a minimum:

- (1) provide an estimate of the annual revenue lost as a result of the expenditure;
- (2) identify the ~~purpose~~ objective of the tax expenditure if none was ~~identified in the enacting legislation submitted to the commission~~ in accordance with section 3.192;
- (3) estimate the measurable impacts and efficiency of the tax expenditure in accomplishing the ~~purpose~~ objective of the expenditure;
- (4) compare the effectiveness of the tax expenditure and a direct expenditure with the same ~~purpose~~ objective;
- (5) identify potential modifications to the tax expenditure to increase its efficiency or effectiveness;
- (6) estimate the amount by which the tax rate for the relevant tax could be reduced if the revenue lost due to the tax expenditure were applied to a rate reduction;
- (7) if the tax expenditure is a significant tax expenditure, estimate the incidence of the tax expenditure and the effect of the expenditure on the incidence of the state's tax system;
- (8) consider the cumulative fiscal impacts of other state and federal taxes providing benefits to taxpayers for similar activities; and
- (9) recommend whether the expenditure be continued, repealed, or modified.

(b) The commission may omit a component in paragraph (a) if the commission determines it is not feasible due to the lack of available data, third-party research, staff resources, or lack of a majority support for a recommendation.

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

Sec. 6. Minnesota Statutes 2024, section 3.8855, subdivision 7, is amended to read:

Subd. 7. **Report to legislature.** (a) By ~~December~~ February 15 of each year, the commission must submit a written report to the legislative committees with jurisdiction over tax policy. The report must detail the results of the commission's review of tax expenditures for the year, including the review components detailed in subdivision 5.

(b) Notwithstanding paragraph (a), during the period of initial review under subdivision 4, the report may be limited to the ~~purpose~~ objective statements and metrics for evaluating the effectiveness of expenditures, as identified by the commission. The report may also include relevant publicly available data on an expenditure.

(c) The report may include any additional information the commission deems relevant to the review of an expenditure.

(d) The legislative committees with jurisdiction over tax policy must hold a public hearing on the report during the regular legislative session in the year following the year in which the report was submitted.

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

Sec. 7. Minnesota Statutes 2024, section 3.8855, subdivision 8, is amended to read:

Subd. 8. **Terms; vacancies; meetings.** (a) Members of the commission serve a term beginning upon appointment and ending at the beginning of the regular legislative session in the next odd-numbered year. The appropriate appointing authority must fill a vacancy for a seat of a current legislator for the remainder of the unexpired term. Members may be removed or replaced at the pleasure of the appointing authority.

(b) If a commission member ceases to be a member of the legislative body from which the member was appointed, the member vacates membership on the commission.

(c) The commissioner of revenue must convene the first meeting of each year required under subdivision 4, paragraph (c).

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

Sec. 8. Minnesota Statutes 2024, section 37.31, subdivision 1, is amended to read:

Subdivision 1. **Bonding authority.** The society may issue negotiable bonds in a principal amount that the society determines necessary to provide sufficient money for achieving its purposes, including the payment of interest on bonds of the society, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the society incident to and necessary or convenient to carry out its corporate purposes and powers. Bonds of the society may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed ~~\$30,000,000~~ \$50,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 9. Minnesota Statutes 2024, section 270C.11, subdivision 4, is amended to read:

Subd. 4. **Contents.** (a) The report shall detail for each tax expenditure item:

- (1) the amount of tax revenue forgone;
- (2) a citation of the statutory or other legal authority for the expenditure;
- (3) the year in which it was enacted or the tax year in which it became effective;
- (4) the ~~purpose objective~~ of the expenditure, as ~~identified in the enacting legislation~~ submitted to the commission in accordance with section 3.192 or identified by the Tax Expenditure Review Commission;
- (5) the incidence of the expenditure, if it is a significant sales or income tax expenditure; and
- (6) the revenue-neutral amount by which the relevant tax rate could be reduced if the expenditure were repealed.

(b) The report may contain additional information which the commissioner considers relevant to the legislature's consideration and review of individual tax expenditure items. This may include but is not limited to analysis of whether the expenditure is achieving that objective and the effect of the expenditure on the administration of the tax system.

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

Sec. 10. Minnesota Statutes 2024, section 289A.60, subdivision 12, is amended to read:

Subd. 12. **Penalties relating to property tax refunds and certificates of rent paid.** (a) If it is determined that a property tax refund claim is excessive and was negligently prepared, a claimant is liable for a penalty of ten percent of the disallowed claim. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(b) An owner who ~~without reasonable cause~~ fails to give a certificate of rent paid to a renter, as required by sections 290.0693, subdivision 4, paragraph (a), and 290A.19, paragraph (a), is liable to the commissioner for a penalty of ~~\$100~~ \$50 for each failure. The commissioner may abate the penalty using the abatement authority in section 270C.34.

(c) An owner who fails to file a certificate of rent paid with the commissioner, as required by sections 290.0693, subdivision 4, paragraph (b), and 290A.19, paragraph (b), is liable to the commissioner for a penalty of \$50 for each failure. The commissioner may abate the penalty using the abatement authority in section 270C.34.

~~(e)~~ (d) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

EFFECTIVE DATE. This section is effective for rent paid after December 31, 2025.

Sec. 11. Minnesota Statutes 2024, section 290.0693, subdivision 4, is amended to read:

Subd. 4. **Owner or managing agent to furnish rent certificate.** (a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of four years. The duplicate or other record must be made available to the commissioner upon request.

(b) ~~The commissioner may require the owner or managing agent, through a simple process, to~~ must furnish to the commissioner on or before January 31 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the owner or managing agent who is required to furnish a certificate of rent paid under this paragraph. Before implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

(c) An owner who fails to furnish the certificate of rent paid to the renter or to the commissioner, as required under this section, is subject to the penalty imposed under section 289A.60, subdivision 12.

EFFECTIVE DATE. This section is effective for rent paid after December 31, 2025.

Sec. 12. Minnesota Statutes 2024, section 290A.19, is amended to read:

290A.19 PARK OWNER TO FURNISH RENT CERTIFICATE.

(a) The park owner of a property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the park owner may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The park owner must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

(b) ~~The commissioner may require the park owner, through a simple process, to~~ must furnish to the commissioner on or before March 1 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe the content, format, and manner of the form pursuant to section 270C.30. The commissioner may require the Social Security number, individual taxpayer identification number, federal employer identification number, or Minnesota taxpayer identification number of the park owner who is required to furnish a certificate of rent paid under this paragraph. Prior to implementation, the commissioner, after consulting with representatives of park owners, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of park owners.

(c) For the purposes of this section, "park owner" means a park owner as defined under section 327C.015, subdivision 9, and "property" includes a lot as defined under section 327C.015, subdivision 6.

(d) An owner who fails to furnish the certificate of rent paid to the renter or to the commissioner, as required under this section, is subject to the penalty imposed under section 289A.60, subdivision 12.

EFFECTIVE DATE. This section is effective for rent paid after December 31, 2025.

Sec. 13. Minnesota Statutes 2024, section 290C.07, is amended to read:

290C.07 CALCULATION OF INCENTIVE PAYMENT.

(a) An approved claimant under the sustainable forest incentive program is eligible to receive an annual payment for each acre of enrolled land, excluding any acre improved with a paved trail under easement, lease, or terminable license to the state of Minnesota or a political subdivision. The payment shall equal a percentage of the property tax that would be paid on the land determined by using the previous year's statewide average total tax rate for all taxes levied within townships and unorganized territories, the estimated market value per acre as calculated in section 290C.06, and a class rate of one percent as follows: (1) for claimants enrolling land that is subject to a conservation easement funded under section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity before May 31, 2013, 25 percent; (2) for claimants enrolling land that is not subject to a conservation easement under an eight-year covenant, 65 percent; (3) for claimants enrolling land that is not subject to a conservation easement under a 20-year covenant, 90 percent; and (4) for claimants enrolling land that is not subject to a conservation easement under a 50-year covenant, 115 percent.

(b) The calculated payment must not increase or decrease by more than ten percent relative to the payment received for the previous year. In no case may the payment be less than the amount paid to the claimant for the land enrolled in the program in 2017. If an eligible claimant elects to change the length of the covenant on enrolled land on or before May 15, 2019, the limits under this paragraph do not apply and the claimant must receive payment in the amount corresponding to the new covenant length as calculated under paragraph (a).

(c) In addition to the payments provided under this section, a claimant enrolling more than 1,920 acres shall be allowed an additional payment per acre equal to the amount prescribed in paragraph (a), clause (1), for all acres of enrolled land on which public access is allowed, as required under section 290C.03, paragraph (a), clause (6), excluding any land subject to a conservation easement funded under section 97A.056, or a permanent easement conveyed to a governmental or nonprofit entity that is required to allow for public access under section 290C.03, paragraph (a), clause (6).

(d) Notwithstanding paragraphs (a) to (c), for fiscal years 2026 through 2029 only, payments calculated under this section, inclusive of an additional amount under paragraph (c), must not exceed 100 percent of the property tax that would be paid on the land, as determined under paragraph (a). This paragraph expires after fiscal year 2029.

(e) If the total amount of payments under paragraph (d) exceeds the threshold amount under this paragraph in any fiscal year, each recipient's payment amount must be proportionally reduced so that the total amount of payments in that fiscal year equals the threshold amount for that fiscal year. If the total amount of payments under paragraph (d) is less than the threshold amount under this paragraph in any fiscal year, each recipient's payment amount must be proportionally increased so that the total amount of payments in that fiscal year equals the threshold amount for that fiscal year. The threshold amounts are \$8,340,000 for fiscal year 2026, \$9,180,000 for fiscal year 2027, \$15,370,000 for fiscal year 2028, and \$16,290,000 for fiscal year 2029. This paragraph expires after fiscal year 2029.

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

Sec. 14. Minnesota Statutes 2024, section 295.53, subdivision 4a, is amended to read:

Subd. 4a. **Credit for research.** (a) In addition to the exemptions allowed under subdivision 1, a hospital or health care provider may claim an annual credit against the total amount of tax, if any, the hospital or health care provider owes for that calendar year under sections 295.50 to 295.57. The credit shall equal ~~2.5~~ 0.5 percent of revenues for patient services used to fund expenditures for qualifying research conducted by an allowable research program. The amount of the credit shall not exceed the tax liability of the hospital or health care provider under sections 295.50 to 295.57.

(b) For purposes of this subdivision, the following requirements apply:

(1) expenditures must be for program costs of qualifying research conducted by an allowable research program;

(2) an allowable research program must be a formal program of medical and health care research conducted by an entity which is exempt under section 501(c)(3) of the Internal Revenue Code as defined in section 289A.02, subdivision 7, or is owned and operated under authority of a governmental unit;

(3) qualifying research must:

(A) be approved in writing by the governing body of the hospital or health care provider which is taking the deduction under this subdivision;

(B) have as its purpose the development of new knowledge in basic or applied science relating to the diagnosis and treatment of conditions affecting the human body;

(C) be subject to review by individuals with expertise in the subject matter of the proposed study but who have no financial interest in the proposed study and are not involved in the conduct of the proposed study; and

(D) be subject to review and supervision by an institutional review board operating in conformity with federal regulations if the research involves human subjects or an institutional animal care and use committee operating in conformity with federal regulations if the research involves animal subjects. Research expenses are not exempt if the study is a routine evaluation of health care methods or products used in a particular setting conducted for the purpose of making a management decision. Costs of clinical research activities paid directly for the benefit of an individual patient are excluded from this exemption. Basic research in fields including biochemistry, molecular biology, and physiology are also included if such programs are subject to a peer review process.

(c) No credit shall be allowed under this subdivision for any revenue received by the hospital or health care provider in the form of a grant, gift, or otherwise, whether from a government or nongovernment source, on which the tax liability under section 295.52 is not imposed.

(d) The taxpayer shall apply for the credit under this section on the annual return under section 295.55, subdivision 5.

~~(e) Beginning September 1, 2001, if the actual or estimated amount paid under this section for the calendar year exceeds \$2,500,000, the commissioner of management and budget shall determine the rate of the research credit for the following calendar year to the nearest one-half percent so that refunds paid under this section will most closely equal \$2,500,000. The commissioner of management and budget shall publish in the State Register by October 1 of each year the rate of the credit for the following calendar year. A determination under this section is not subject to the rulemaking provisions of chapter 14.~~

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

Sec. 15. Minnesota Statutes 2024, section 295.54, subdivision 2, is amended to read:

Subd. 2. **Pharmacy refund.** ~~(a) A pharmacy may claim an annual~~ a quarterly refund ~~against the total amount of tax, if any, the pharmacy owes during that calendar year under section 295.52, subdivision 4. The refund shall equal to the amount paid by the pharmacy to a wholesale drug distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section 295.52, subdivision 3. If the amount of the refund exceeds the tax liability of the pharmacy under section 295.52, subdivision 4, the commissioner shall provide the pharmacy with a refund equal to the excess amount.~~

~~(b) Each qualifying pharmacy must apply for the refund on the annual~~ quarterly return as prescribed by the commissioner, ~~on or before March 15 of the year following the calendar year the legend drugs were delivered outside Minnesota.~~ as required under the following schedule:

(1) for legend drugs delivered by the pharmacy outside of Minnesota between January 1 and March 31, a pharmacy may file its refund request on or after July 1 of the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota;

(2) for legend drugs delivered by the pharmacy outside of Minnesota between April 1 and June 30, a pharmacy may file its refund request on or after July 1 of the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota;

(3) for legend drugs delivered by the pharmacy outside of Minnesota between July 1 and September 30, a pharmacy may file its refund request on or after October 1 of the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota; and

(4) for legend drugs delivered by the pharmacy outside of Minnesota between October 1 and December 31, a pharmacy may file its refund request on or after January 1 of the calendar year immediately following the calendar year in which the legend drugs are delivered by the pharmacy outside of Minnesota.

~~The refund shall not be~~ (c) No refund is allowed if the ~~initial~~ claim for refund is filed more than one year after the ~~original due date of the return~~ end of the quarter in which the legend drugs were delivered by the pharmacy outside of Minnesota. Interest on refunds paid under this subdivision ~~will begin~~ begins to accrue 60 days after the date a claim for refund is filed. ~~For purposes of this subdivision, the date a claim is filed is the due date of the return if a return is due or the date of the actual claim for refund, whichever is later.~~

EFFECTIVE DATE. This section is effective for legend drugs delivered outside of Minnesota after December 31, 2025.

Sec. 16. Minnesota Statutes 2024, section 295.81, subdivision 10, is amended to read:

Subd. 10. **Deposit of revenues; account established.** ~~(a)~~ The commissioner must deposit the revenues, including penalties and interest, derived from the tax imposed by this section ~~as follows:~~

~~(1) 80 percent to in the general fund; and,~~

~~(2) 20 percent to the local government cannabis aid account in the special revenue fund.~~

~~(b) The local government cannabis aid account is established in the special revenue fund.~~

EFFECTIVE DATE. The amendment to paragraph (a) is effective July 1, 2025. The amendment to paragraph (b) is effective January 2, 2026.

Sec. 17. Minnesota Statutes 2024, section 297H.01, subdivision 8, is amended to read:

Subd. 8. **Residential generator.** "Residential generator" means any of the following:

(1) a detached single family residence that generates mixed municipal solid waste or nonmixed municipal solid waste;

(2) a person residing in a building or site containing multiple residences that generates mixed municipal solid waste, including apartment buildings, common interest communities, or manufactured home parks, where each residence is separately billed by the waste service provider;

(3) an owner of a building or site containing multiple residences or an association representing residences that generate mixed municipal solid waste or nonmixed municipal solid waste, including apartment buildings, condominiums, manufactured home parks, or townhomes where no residence is separately billed for such service by the waste management service provider and the owner or association is billed directly for the waste management services. A residential generator does not include a self-hauler; or

(4) an organization exempt under section 501(c)(3) of the Internal Revenue Code that receives donations for resale from an entity listed in clauses (1) to (3).

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 18. Minnesota Statutes 2024, section 297H.13, subdivision 2, is amended to read:

Subd. 2. **Allocation of revenues.** (a) Of the amounts remitted under this chapter, 70 percent must be credited to the environmental fund established in section 16A.531, subdivision 1.

(b) In addition to the amounts credited to the environmental fund in paragraph (a), in fiscal year 2024 and later, three percent of the amounts remitted under this chapter shall be deposited into the resource management account in the environmental fund. For fiscal year 2028 only, an additional \$1,493,000 must be deposited in the resource management account in the environmental fund. For fiscal year 2026 only, an additional \$354,000 must be deposited in the resource management account in the environmental fund.

(c) The remainder must be deposited into the general fund.

(d) Beginning in fiscal year 2024 and annually thereafter, the money deposited in the resource management account in the environmental fund under paragraph (b) is appropriated to the commissioner of the Pollution Control Agency for distribution to counties under section 115A.557, subdivision 2, paragraph (a), clauses (1) to (7) and (9) to (11).

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

Sec. 19. **[428A.30] DEFINITIONS; EXPIRATION.**

Subdivision 1. **Scope.** For purposes of sections 428A.30 to 428A.34, the terms defined in this section have the meanings given them, unless the context indicates otherwise.

Subd. 2. **City.** "City" means the city of Minneapolis and the city of St. Paul.

Subd. 3. **District.** "District" means a land-value taxation district established under section 428A.31.

Subd. 4. **Ordinance.** "Ordinance" means the ordinance establishing a land-value taxation district under section 428A.31.

Subd. 5. **Expiration.** A district established by a city under sections 428A.30 to 428A.34 expires after the district has been in effect for ten taxes payable years, or on December 31, 2037, whichever is earlier.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026.

Sec. 20. **[428A.31] ESTABLISHMENT OF LAND-VALUE TAXATION DISTRICT.**

Subdivision 1. **Ordinance.** (a) The governing body of a city may adopt an ordinance establishing a land-value taxation district. Prior to adopting the ordinance, a city must consult with the county auditor and develop a plan for administering taxation within the district. The ordinance must describe:

(1) the parcels of property constituting the district, either by specific identification of each parcel, or by defining a geographic area or areas within the city, and then within that area or those areas, identifying the specific types of property, as defined under section 273.13, to be included in the district; and

(2) the procedure for reallocating the collective property tax of all parcels within the district.

(b) In addition, the ordinance must provide an evaluation of the economic effects of the district, including the impact on redevelopment of and investment in the district, within a specified period of time, but not less than 15 years after the date the district becomes effective.

Subd. 2. **Hearing; notice.** Before adopting an ordinance, the governing body of the city must hold a public hearing on the question. Notice of the hearing must include the time and place of the hearing, a description of the parcels to be included in the district, a description of the procedure for reallocating the tax burden among the parcels, and the duration of the district. Each person owning property in the proposed district must be given the opportunity to be heard at the hearing. The governing body must publish notice of the hearing on the city's website and in at least two issues of the official newspaper of the city. The two publications must be two weeks apart and the hearing must be held at least three days after the last publication. Not less than ten days before the hearing, the governing body must mail notice to the owner of each parcel proposed to be included in the district. For the purpose of the mailed notice, owners are those shown on the records of the county auditor. Other records may be used to supply the necessary information. At the public hearing, a person affected by the proposed district may testify on any issues relevant to the proposed district. The governing body may adjourn the hearing from time to time and may adopt the ordinance establishing the district at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city. Within 30 days after adoption of the ordinance, the governing body shall send a copy of the ordinance to the commissioner of revenue.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026.

Sec. 21. **[428A.32] RESTRICTIONS ON TAX REALLOCATION PROCEDURE.**

A tax reallocation procedure under section 428A.31, subdivision 1, paragraph (a), clause (2), must distribute taxes on taxable properties in the district by applying uniform rates to one or more of the following tax bases:

- (1) the net tax capacity, as defined under section 273.13, subdivision 21b;
- (2) the referendum market value, as defined under section 126C.01, subdivision 3;
- (3) a tax base consisting of each property's estimated market value excluding the market value attributable to improvements; or
- (4) a tax base consisting of each property's estimated market value excluding the market value attributable to improvements made after a date specified in the ordinance.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026.

Sec. 22. **[428A.33] TAXATION WITHIN DISTRICT.**

Subdivision 1. **Initial taxation within district.** For each property taxes payable year, a city must compile the total property taxes imposed upon all properties within the district for each taxing jurisdiction after final property tax statements are issued under section 276.04. For the purposes of this section, the areawide taxes under chapters 276A and 473F, and the state general levy under section 275.025, are considered to be taxing jurisdictions.

Subd. 2. **Final taxation within district.** A city must allocate the tax, as determined under subdivision 1, among all properties in the district according to the terms of the ordinance so the entire amount of tax payable to each taxing jurisdiction under subdivision 1 is allocated among the properties constituting the district. The city must report the revised property tax amounts for each parcel of property to the county treasurer by April 30 of the year the tax is payable. The city must mail revised property tax statements to all properties within the district by April 30 of the year the tax is payable. Taxpayers must make payments according to the dates specified in section 279.01 as if the property tax statements were mailed 21 days prior to May 15 of the year the taxes are payable.

Subd. 3. Report to commissioner of revenue. By September 1 of each year, the county treasurer must report the initial and final distribution of the net tax for each parcel of property in the district to the commissioner of revenue on a form prescribed by the commissioner of revenue.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026.

Sec. 23. [428A.34] APPEAL OF LAND VALUE.

The owner of any property included in a land-value taxation district under section 428A.31 may appeal the valuation attributable to land separately from the valuation attributable to improvements upon the land under sections 274.01 and 274.13 or chapter 271.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026.

Sec. 24. Minnesota Statutes 2024, section 609.902, subdivision 4, is amended to read:

Subd. 4. Criminal act. "Criminal act" means conduct constituting, or a conspiracy or attempt to commit, a felony violation of chapter 152, or a felony violation of section ~~297D.09~~; 299F.79; 299F.80; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222; 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.342; 609.343; 609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52, subdivision 2, if the offense is punishable under subdivision 3, clause (1), if the property is a firearm, clause (3)(b), or clause (3)(d)(v); section 609.52, subdivision 2, paragraph (a), clause (1) or (4); 609.527, if the crime is punishable under subdivision 3, clause (4); 609.528, if the crime is punishable under subdivision 3, clause (4); 609.53; 609.561; 609.562; 609.582, subdivision 1 or 2; 609.668, subdivision 6, paragraph (a); 609.67; 609.687; 609.713; 609.86; 609.894, subdivision 3 or 4; 609.895; 624.713; 624.7191; or 626A.02, subdivision 1, if the offense is punishable under section 626A.02, subdivision 4, paragraph (a). "Criminal act" also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation of section 609.52, subdivision 2, clause (3), (4), (15), or (16), if the violation involves an insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service plan corporation regulated under chapter 62C, a health maintenance organization regulated under chapter 62D, or a fraternal benefit society regulated under chapter 64B.

EFFECTIVE DATE. This section is effective August 1, 2025.

Sec. 25. APPROPRIATION; EXTENSION OF AVAILABILITY.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriation in Laws 2023, chapter 64, article 15, section 30, is available until June 30, 2027.

Sec. 26. CANCELLATION OF AMOUNTS IN LOCAL GOVERNMENT CANNABIS AID ACCOUNT.

On January 2, 2026, any balance within the local government cannabis aid account in the special revenue fund is canceled to the general fund.

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

Sec. 27. TAXPAYER ASSISTANCE GRANTS AND TAX CREDIT OUTREACH GRANTS.

(a) The fiscal year 2029 base for taxpayer assistance grants under Minnesota Statutes, section 270C.21, subdivision 3, is increased by \$1,200,000. This increase is in addition to any other base established in law.

(b) The fiscal year 2029 base for tax credit outreach grants under Minnesota Statutes, section 270C.21, subdivision 4, is increased by \$1,200,000. This increase is in addition to any other base established in law.

Sec. 28. APPROPRIATION; BROWERVILLE PUBLIC SCHOOLS.

\$520,000 in fiscal year 2026 is appropriated from the general fund to the commissioner of revenue for a grant to Independent School District No. 787, Browerville, to remediate the effects of a school building roof collapse that occurred in 2023. The grant recipient must use the money appropriated under this section for materials and supplies used in and equipment incorporated into renovations to the prekindergarten through grade 12 school building, and construction of a new gymnasium, classrooms, locker rooms, a wrestling and weight room, offices, and a stage. The grant must be paid by July 15, 2025. This is a onetime appropriation. The grant under this section is not subject to retention of administrative costs under Minnesota Statutes, section 16B.98, subdivision 14.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 29. CITY OF MINNEAPOLIS; EMERALD ASH BORER FINANCIAL ASSISTANCE; APPROPRIATION.

Subdivision 1. Definitions. For the purposes of this section, the following terms have the meanings given:

(1) "eligible costs" means costs incurred in 2020 or later for treating or removing a tree on owner-occupied residential property that has been required by state law or by municipal ordinance to be treated or removed due to infestation or possible infestation by the emerald ash borer, including but not limited to costs incurred by the city and assessed to a property owner;

(2) "eligible homeowner" means a homeowner who experienced eligible costs related to a tree on the homeowner's property in an eligible region and whose income is below 200 percent of the official federal poverty guideline;

(3) "eligible region" means a census block group in Minneapolis with a supplemental demographic index score in the 70th percentile or higher within the state of Minnesota; and

(4) "supplemental demographic index" means an index in the Environmental Justice Screening and Mapping Tool developed by the United States Environmental Protection Agency that is based on socioeconomic indicators, including low income, unemployment, less than high school education, limited English speaking, and low life expectancy.

Subd. 2. Eligible uses; prioritization. (a) The city of Minneapolis must use the full amount of the aid under this section to pay eligible homeowners for their eligible costs.

(b) After receiving an application for a payment from an eligible homeowner, the city must use funds received under this section to directly reduce the remaining balance of an eligible homeowner's special assessment related to eligible costs. If the original balance of the special assessment is greater than the remaining balance, the city must reimburse the eligible homeowner for the difference.

(c) If the amount of funds available is insufficient to reimburse all eligible homeowners for the full amount of their eligible costs, the city must prioritize reimbursing a subset of eligible homeowners for the full amount of their eligible costs.

(d) After December 31, 2026, the city may use any remaining funds to reimburse other eligible homeowners who incurred eligible costs but did not have a special assessment applied to their properties.

(e) Notwithstanding paragraph (a), after June 30, 2027, the city may use any remaining funds to offset the eligible costs of resident homeowners whose properties are not in an eligible region but who otherwise meet the definition of an eligible homeowner.

(f) The city must administer the funding under this section within existing city resources and not with money appropriated in this section.

Subd. 3. **Outreach.** The city of Minneapolis must promote the availability of financial assistance under this section in eligible regions. As part of its outreach efforts, the city department administering the program under this section must consult with Hope Community, Metro Blooms, Harrison Neighborhood Association, the Center for Urban and Regional Affairs at the University of Minnesota, and the public health department of the city.

Subd. 4. **Reporting.** On July 1, 2026, and July 1, 2027, the city must report to the commissioner of revenue on its use of money under this section. By income level and neighborhood, the report must detail the number of eligible homeowners reimbursed and the amount of money distributed.

Subd. 5. **Appropriation.** \$400,000 in fiscal year 2026 is appropriated from the general fund to the commissioner of revenue for an aid to the city of Minneapolis. This is a onetime appropriation. The aid must be paid on July 1, 2025. The aid under this section is not subject to retention of administrative costs under Minnesota Statutes, section 16B.98, subdivision 14.

Sec. 30. **REPEALER.**

(a) Minnesota Statutes 2024, sections 13.4967, subdivision 5; 297D.01; 297D.02; 297D.03; 297D.04; 297D.05; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09, subdivisions 1, 1a, and 2; 297D.10; 297D.11; 297D.12; and 297D.13, are repealed.

(b) Minnesota Statutes 2024, section 477A.32, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective August 1, 2025. Paragraph (b) is effective for aids payable in 2026 and thereafter.

ARTICLE 8

DEPARTMENT OF REVENUE: INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2024, section 116U.27, subdivision 2, is amended to read:

Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible production costs paid in ~~a taxable year~~ any consecutive 12-month period as described in subdivision 1, paragraph (h). A taxpayer may only claim a credit if the taxpayer was issued a credit certificate under subdivision 4.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 2. Minnesota Statutes 2024, section 290.01, subdivision 19, is amended to read:

Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a corporation taxable under section 290.02, the term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in sections 290.0131 to 290.0136.

(b) For an individual, the term "net income" means federal adjusted gross income with the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

(c) In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

(d) The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

(e) The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

(f) The Internal Revenue Code of 1986, as amended through May 1, 2023, applies for taxable years beginning after December 31, 1996.

(g) Except as otherwise provided, references to the Internal Revenue Code in this subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of determining net income for the applicable year.

(h) In the case of a partnership electing to file a composite return under section 289A.08, subdivision 7, "net income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, ~~and 28, and 31,~~ to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(i) In the case of a qualifying entity electing to pay the pass-through entity tax under section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal adjusted gross income from the qualifying entity modified by the additions provided in section 290.0131, subdivisions 5, 8 to 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 3, 9, 27, ~~and 28, and 31,~~ to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the pass-through entity tax computation to the extent the qualifying owners would have been allowed the subtraction. ~~The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20.~~

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 3. Minnesota Statutes 2024, section 290.0132, subdivision 26, is amended to read:

Subd. 26. **Social Security benefits.** (a) A taxpayer is allowed a subtraction equal to the greater of the simplified subtraction allowed under paragraph (b) or the alternate subtraction determined under paragraph (e).

(b) A taxpayer's simplified subtraction equals the amount of taxable social security benefits, as reduced under paragraphs (c) and (d).

(c) For a taxpayer other than a married taxpayer filing a separate return with adjusted gross income above the phaseout threshold, the simplified subtraction is reduced by ten percent for each \$4,000 of adjusted gross income, or fraction thereof, in excess of the phaseout threshold. The phaseout threshold equals:

(1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;

(2) \$78,000 for a single or head of household taxpayer; and

(3) for a married taxpayer filing a separate return, half the amount for a married taxpayer filing a joint return.

(d) For a married taxpayer filing a separate return, the simplified subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of the phaseout threshold.

(e) A taxpayer's alternate subtraction equals the lesser of taxable Social Security benefits or a maximum subtraction subject to the limits under paragraphs (f), (g), and (h).

(f) For married taxpayers filing a joint return and surviving spouses, the maximum subtraction under paragraph ~~(e)~~ (e) equals \$5,840. The maximum subtraction is reduced by 20 percent of provisional income over \$88,630. In no case is the subtraction less than zero.

(g) For single or head-of-household taxpayers, the maximum subtraction under paragraph ~~(e)~~ (e) equals \$4,560. The maximum subtraction is reduced by 20 percent of provisional income over \$69,250. In no case is the subtraction less than zero.

(h) For married taxpayers filing separate returns, the maximum subtraction under paragraph ~~(e)~~ (e) equals one-half the maximum subtraction for joint returns under paragraph (f). The maximum subtraction is reduced by 20 percent of provisional income over one-half the threshold amount specified in paragraph (d). In no case is the subtraction less than zero.

(i) For purposes of this subdivision, "provisional income" means modified adjusted gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of the taxable Social Security benefits received during the taxable year, and "Social Security benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

(j) The commissioner shall adjust the phaseout threshold amounts in ~~paragraphs paragraph (c) and (d)~~ paragraphs (1) and (2), as provided in section 270C.22. The statutory year is taxable year 2023. The maximum subtraction and threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 4. Minnesota Statutes 2024, section 290.0132, subdivision 34, is amended to read:

Subd. 34. **Qualified retirement benefits.** (a) The amount of qualified public pension income is a subtraction. The subtraction in this section is limited to:

- (1) \$25,000 for a married taxpayer filing a joint return or surviving spouse; or
- (2) \$12,500 for all other filers.

(b) For a taxpayer with adjusted gross income above the phaseout threshold, the subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of the threshold. The phaseout threshold equals:

- (1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;
- (2) \$78,000 for a single or head of household taxpayer; or
- (3) for a married taxpayer filing a separate return, half the amount for a married taxpayer filing a joint return.

(c) For the purposes of this section, "qualified public pension income" means any amount received:

(1) by a former basic member or the survivor of a former basic member, as an annuity or survivor benefit, from a pension plan governed by chapter 353, 353E, 354, or 354A, provided that the annuity or benefit is based on service for which the member or survivor ~~is not also receiving~~ did not earn Social Security benefits;

(2) as an annuity or survivor benefit from the legislators plan under chapter 3A, the State Patrol retirement plan under chapter 352B, or the public employees police and fire plan under sections 353.63 to 353.666, provided that the annuity or benefit is based on service for which the member or survivor ~~is not also receiving~~ did not earn Social Security benefits;

(3) from any retirement system administered by the federal government that is based on service for which the recipient or the recipient's survivor ~~is not also receiving~~ did not earn Social Security benefits; or

(4) from a public retirement system of or created by another state or any of its political subdivisions, or the District of Columbia, if the income tax laws of the other state or district permit a similar deduction or exemption or a reciprocal deduction or exemption of a retirement or pension benefit received from a public retirement system of or created by this state or any political subdivision of this state.

(d) The commissioner must annually adjust the subtraction limits in paragraph (a) and the phaseout thresholds in paragraph (b), as provided in section 270C.22. The statutory year is taxable year 2023.

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

Sec. 5. Minnesota Statutes 2024, section 290.0134, subdivision 20, is amended to read:

Subd. 20. **Delayed business interest.** (a) For each taxable year an addition is required under section ~~290.0134, subdivision 19~~ 290.0133, subdivision 15, the amount of the addition, less the sum of all amounts subtracted under this paragraph in all prior taxable years, that does not exceed the limitation on business interest in section 163(j) of the Internal Revenue Code of 1986, as amended through December 15, 2022, notwithstanding the special rule in section 163(j)(10) of the Internal Revenue Code, is a subtraction. Any excess is a delayed business interest carryforward, the entire amount of which must be carried to the earliest taxable year. No subtraction is allowed under this paragraph for taxable years beginning after December 31, 2022.

(b) For each of the five taxable years beginning after December 31, 2022, there is allowed a subtraction equal to one-fifth of the sum of all carryforward amounts that remain after the expiration of paragraph (a).

(c) Entities that are part of a combined reporting group under the unitary rules of section 290.17, subdivision 4, must compute deductions and additions as required under section 290.34, subdivision 5.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2019.

Sec. 6. Minnesota Statutes 2024, section 290.0693, subdivision 1, is amended to read:

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

(b) "Dependent" means any individual who is considered a dependent under sections 151 and 152 of the Internal Revenue Code and was claimed by the taxpayer as a dependent.

(c) "Disability" has the meaning given in section 290A.03, subdivision 10.

(d) "Exemption amount" means the exemption amount under section 290.0121, subdivision 1, paragraph (b).

(e) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a homestead, exclusive of charges for any medical services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. The gross rent of a resident of a nursing home or intermediate care facility is \$600 per month. The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner shall annually adjust the amounts in this paragraph as provided in section 270C.22. The statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

(f) "Homestead" has the meaning given in section 290A.03, subdivision 6.

(g) "Household" has the meaning given in section 290A.03, subdivision 4.

(h) "Household income" means all income received by all persons of a household in a taxable year while members of the household, other than income of a dependent.

(i) "Income" means adjusted gross income, minus:

(1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4;

(2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3;

(3) for the taxpayer's third dependent, the exemption amount multiplied by 1.2;

(4) for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;

(5) for the taxpayer's fifth dependent, the exemption amount; and

(6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or before the close of the taxable year, the exemption amount.

(j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim for a credit under this section by the claimant. If an individual occupies a homestead with another person or persons not related to the individual as the individual's spouse or as dependents, and the other person or persons are residing at the homestead under a rental or lease agreement with the individual, the amount of rent constituting property tax for the individual equals that portion not covered by the rental agreement.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 7. Minnesota Statutes 2024, section 290.0693, subdivision 6, is amended to read:

Subd. 6. **Residents of nursing homes, intermediate care facilities, long-term care facilities, or facilities accepting housing support payments.** (a) A taxpayer must not claim a credit under this section if the taxpayer is a resident of a nursing home, intermediate care facility, long-term residential facility, or a facility that accepts housing support payments whose rent constituting property taxes is paid pursuant to the Supplemental Security Income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX of the Social Security Act, or the housing support program under chapter 256I.

(b) If only a portion of the rent constituting property taxes is paid by these programs, the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction, the numerator of which is adjusted gross income, ~~reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program~~ and the denominator of which is adjusted gross income, plus vendor payments under the medical assistance program, to determine the allowable credit.

(c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing home, intermediate care facility, long-term residential facility, or facility for which the rent was paid for the claimant by the housing support program for only a portion of the taxable year covered by the claim, the taxpayer may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home or facility and may use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the taxpayer was not in the facility. The taxpayer's household income is the income for the entire taxable year covered by the claim.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 8. Minnesota Statutes 2024, section 290.0693, subdivision 8, is amended to read:

Subd. 8. **One claimant per household.** Only one taxpayer per household per year is entitled to claim a credit under this section. ~~In the case of a married couple filing a joint return, the couple may claim a credit under this section based on the total amount of both spouses' gross rent.~~ In the case of a married taxpayer filing a separate return, only one spouse may claim the credit under this section. The credit amount for the spouse that claims the credit must be calculated based on household income and both spouses' share of the gross rent and not solely on the income of the spouse.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 9. Minnesota Statutes 2024, section 290.0695, subdivision 2, is amended to read:

Subd. 2. **Credit allowed; limitation; carryover.** (a) An eligible taxpayer is allowed a credit against tax due under this chapter equal to 50 percent of ~~eligible expenses, not to exceed \$3,000 per mile, multiplied by the number of miles of railroad track owned or leased within the state by the eligible taxpayer for which the taxpayer made the~~ qualified railroad reconstruction or replacement expenditures ~~as of the close of the taxable year for which the credit is claimed~~ made by an eligible taxpayer within this state during the taxable year for which the credit is claimed.

(b) The credit allowed under paragraph (a) for any taxable year must not exceed the product of:

(1) \$3,000, multiplied by:

(2) the number of miles of railroad track owned or leased by the eligible taxpayer within this state as of the close of the taxable year for which the taxpayer made qualified railroad reconstruction or replacement expenditures for which the credit is claimed.

~~(b)~~ (c) If the amount of the credit determined under this section for any taxable year exceeds the liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit that may be added under this paragraph must not exceed the taxpayer's liability for tax less the credit for the taxable year.

~~(e)~~ (d) An eligible taxpayer claiming a credit under this section may not also claim the credit under section 297I.20, subdivision 6, for the same qualified railroad reconstruction or replacement expenditures.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 10. Laws 2023, chapter 1, section 22, is amended to read:

Sec. 22. TEMPORARY ADDITIONS AND SUBTRACTIONS; INDIVIDUALS, ESTATES, AND TRUSTS.

(a) For the purposes of this section:

(1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132, subdivision 1, and the rules in that subdivision apply to this section;

(2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision 1, and the rules in that subdivision apply to this section; and

(3) the definitions in Minnesota Statutes, section 290.01, apply to this section.

(b) The following amounts are subtractions:

(1) the amount of wages used for the calculation of the employee retention credit for employers affected by qualified disasters, to the extent not deducted from income, under Public Law 116-94, division Q, section 203, or Public Law 116-260, division EE, section 303;

(2) the amount of wages used for the calculation of the payroll credit for required paid sick leave, to the extent not deducted from income, under Public Law 116-127, section 7001, as amended by section 9641 of Public Law 117-2;

(3) the amount of wages or expenses used for the calculation of the payroll credit for required paid family leave, to the extent not deducted from income, under Public Law 116-127, section 7003, as amended by section 9641 of Public Law 117-2;

(4) the amount of wages used for the calculation of the employee retention credit for employers subject to closure due to COVID-19, to the extent not deducted from income, under Public Law 116-136, section 2301, as amended by Public Law 116-260, division EE, section 207, and Public Law 117-2, section 9651; and

(5) the amount required to be added to gross income to claim the credit in section 6432 of the Internal Revenue Code.

(c) The following amounts are additions:

(1) the amount subtracted for qualified tuition expenses under section 222 of the Internal Revenue Code, as amended by Public Law 116-94, division Q, section 104;

(2) the amount of above the line charitable contributions deducted under section 2204 of Public Law 116-136;

(3) the amount of meal expenses in excess of the 50 percent limitation under section 274(n)(1) of the Internal Revenue Code allowed under subsection (n), paragraph (2), subparagraph (D), of that section; and

(4) the amount of charitable contributions deducted from federal taxable income by a trust for taxable year 2020 under Public Law 116-136, section 2205(a).

(d) The commissioner of revenue must apply the subtractions in paragraph (b) and the additions in paragraph (c), when calculating the following:

(1) the percentage under Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e);

(2) a taxpayer's alternative minimum taxable income under Minnesota Statutes, section 290.091; and

(3) "income" ~~as defined in Minnesota Statutes, section 289A.08, subdivision 7, paragraph (j),~~ for the purposes of determining the tax for composite filers and the pass-through entity tax, means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in Minnesota Statutes, section 290.0131, subdivisions 8 to 10, 16, 17, and 19, and the subtractions provided in (i) Minnesota Statutes, section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota under Minnesota Statutes, section 290.17; and (ii) Minnesota Statutes, section 290.0132, subdivision 14. The subtraction allowed under Minnesota Statutes, section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

(e) For the purpose of calculating property tax refunds under Minnesota Statutes, chapter 290A, any amounts allowed as a subtraction in paragraph (b) are excluded from "income," as defined in Minnesota Statutes, section 290A.03, subdivision 3.

EFFECTIVE DATE. This section is effective retroactively at the same time the changes in Laws 2023, chapter 1, section 22, were effective for federal purposes.

ARTICLE 9 DEPARTMENT OF REVENUE: SALES AND USE TAXES

Section 1. Minnesota Statutes 2024, section 297A.71, subdivision 54, is amended to read:

Subd. 54. **Sustainable aviation fuel facilities.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, or improvement of a facility located in Minnesota that produces or blends sustainable aviation fuel, as defined in section 41A.30, subdivision 1, ~~is if materials, supplies, and equipment are purchased after June 30, 2027, and before July 1, 2034, are exempt.~~

(b) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner as provided for projects under section 297A.75, subdivision 1, ~~clause (1)~~.

(c) For a project, a portion of which is not used to produce or blend sustainable aviation fuel, the amount of purchases that are exempt under this subdivision must be determined by multiplying the total purchases, as specified in paragraph (a), by the ratio of:

- (1) the capacity to generate sustainable aviation fuel either through production or blending; and
- (2) the capacity to generate all fuels.

(d) This subdivision expires July 1, 2034. The expiration does not affect refunds due for sales and purchases made prior to July 1, 2034.

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

Sec. 2. Minnesota Statutes 2024, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

- (1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- (4) building materials used in a residence for veterans with a disability exempt under section 297A.71, subdivision 11;
- (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- (6) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
- (7) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;
- (8) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;
- (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);
- (10) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;
- (11) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;
- (12) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

(13) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c);

(14) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44;

(15) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51;

(16) building materials, equipment, and supplies for qualifying capital projects under section 297A.71, subdivision 52; ~~and~~

(17) building materials, equipment, and supplies for constructing, remodeling, expanding, or improving a fire station, police station, or related facilities exempt under section 297A.71, subdivision 53-; and

(18) building materials, equipment, and supplies for constructing, remodeling, or improving a sustainable aviation fuel facility exempt under section 297A.71, subdivision 54.

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

Sec. 3. Minnesota Statutes 2024, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1), (2), and (13), the applicant must be the purchaser;

(2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses (8), (11), and (14), the owner of the qualifying business;

(8) for subdivision 1, clauses (9), (10), (12), (16), and (17), the applicant must be the governmental entity that owns or contracts for the project or facility; ~~and~~

(9) for subdivision 1, clause (15), the applicant must be the owner or developer of the building or project-; and

(10) for subdivision 1, clause (18), the applicant must be the owner or developer of the sustainable aviation fuel facility.

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

Sec. 4. Minnesota Statutes 2024, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clauses (3) to (12) or (14) to ~~(17)~~ (18), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

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

Sec. 5. Minnesota Statutes 2024, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit in the state treasury the revenues collected under section 297A.64, subdivision 1, including interest and penalties and minus refunds, and credit them to the highway user tax distribution fund.

(e) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit of revenues under paragraph (d), the commissioner shall deposit into the state treasury and credit to the highway user tax distribution fund an amount equal to the estimated revenues derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The commissioner shall estimate the amount of sales tax revenue deposited under this paragraph based on the amount of revenue deposited under paragraph (d).

(g) Each month the commissioner must deposit ~~the~~ an amount equal to the estimated revenues derived from the taxes imposed under section 297A.62, subdivision 1, on the sale and purchase of motor vehicle repair and replacement parts in the state treasury and credit:

- (1) 43.5 percent in each fiscal year to the highway user tax distribution fund;
- (2) a percentage to the transportation advancement account under section 174.49 as follows:
 - (i) 3.5 percent in fiscal year 2024;
 - (ii) 4.5 percent in fiscal year 2025;
 - (iii) 5.5 percent in fiscal year 2026;
 - (iv) 7.5 percent in fiscal year 2027;
 - (v) 14.5 percent in fiscal year 2028;
 - (vi) 21.5 percent in fiscal year 2029;
 - (vii) 28.5 percent in fiscal year 2030;
 - (viii) 36.5 percent in fiscal year 2031;
 - (ix) 44.5 percent in fiscal year 2032; and
 - (x) 56.5 percent in fiscal year 2033 and thereafter; and
- (3) the remainder in each fiscal year to the general fund.

After each February forecast, and prior to the following April 15, the commissioner shall estimate the monthly deposit amount for use in the following fiscal year based on the estimate of average revenue derived from the taxes imposed under section 297A.62, subdivision 1, on the sale and purchase of motor vehicle repair and replacement parts from the department's three most recent consumption tax models. For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph, "tire" means any tire of the type used on highway vehicles, if wholly or partially made of rubber and if marked according to federal regulations for highway use.

(h) 81.56 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 47.5 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants;

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo; and

(6) 2.5 percent of the receipts must be deposited in the pollinator account established in section 103B.101, subdivision 19.

(i) 1.5 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65 must be deposited in a regional parks and trails account in the natural resources fund and may only be spent for parks and trails of regional significance outside of the seven-county metropolitan area under section 85.535, based on recommendations from the Greater Minnesota Regional Parks and Trails Commission under section 85.536.

(j) 1.5 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65 must be deposited in an outdoor recreational opportunities for underserved communities account in the natural resources fund and may only be spent on projects and activities that connect diverse and underserved Minnesotans through expanding cultural environmental experiences, exploration of their environment, and outdoor recreational activities.

(k) The revenue dedicated under paragraph (h) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (h) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (h) must be allocated for field operations.

(l) The commissioner must deposit the revenues, including interest and penalties minus any refunds, derived from the sale of items regulated under section 624.20, subdivision 1, that may be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21, in the state treasury and credit:

(1) 25 percent to the volunteer fire assistance grant account established under section 88.068;

(2) 25 percent to the fire safety account established under section 297I.06, subdivision 3; and

(3) the remainder to the general fund.

For purposes of this paragraph, the percentage of total sales and use tax revenue derived from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be sold to persons 18 years old or older and are not prohibited from use by the general public under section 624.21, is a set percentage of the total sales and use tax revenues collected in the state, with the percentage determined under Laws 2017, First Special Session chapter 1, article 3, section 39.

(m) The revenues deposited under paragraphs (a) to (l) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

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

Sec. 6. Minnesota Statutes 2024, section 297A.99, subdivision 10, is amended to read:

Subd. 10. **Use of zip code in determining location of sale.** (a) The lowest combined tax rate imposed in the zip code area applies if the area includes more than one tax rate in any level of taxing jurisdictions.

(b) If a nine-digit zip code designation is not available for a street address or if a seller is unable to determine the nine-digit zip code designation of a purchaser after exercising due diligence to determine the designation, the seller may apply the rate for the five-digit zip code area.

(c) For the purposes of this subdivision, there is a rebuttable presumption that a seller has exercised due diligence for a sale that requires a full street address to be completed if the seller has attempted to determine the nine-digit zip code designation by utilizing (1) the look-up application form the United States Postal Service; (2) software certified by the Coding Accuracy Support System; or (3) other software approved by the governing board that makes this designation from the street address and the five-digit zip code of the purchaser. For a sale that does not require a full street address to be completed, a seller has not exercised due diligence unless the seller has obtained or requested from the purchaser (1) the complete street address, including the five-digit zip code; or (2) the nine-digit zip code. A seller that has not exercised due diligence is not relieved from any additional liability that may be due as a result of incorrect sourcing.

(d) Notwithstanding subdivision 13, this subdivision applies to all local sales taxes without regard to the date of authorization. This subdivision does not apply when the purchased product is received by the purchaser at the business location of the seller.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 7. Minnesota Statutes 2024, section 297A.995, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section:

(a) "Agreement" means the Streamlined Sales and Use Tax Agreement.

(b) "Certified automated system" means software certified jointly by the states that are signatories to the agreement to calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to remit to the appropriate state, and maintain a record of the transaction.

(c) "Certified service provider" means an agent certified ~~jointly by the states that are signatories to the agreement to perform all of the seller's sales tax functions~~ under the Agreement to perform the seller's sales and use tax functions as outlined in the contract between the Streamlined Sales Tax Governing Board and the certified service providers, except that sellers retain the obligation to remit tax on their own purchases.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

Sec. 8. Minnesota Statutes 2024, section 297A.995, subdivision 10, is amended to read:

Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider (1) relying on erroneous data provided by the commissioner in the database files on tax rates, boundaries, or taxing jurisdiction assignments, or (2) relying on erroneous data provided by the state in its taxability matrix concerning the taxability of products and services.

(b) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider relying on the certification by the commissioner as to the accuracy of a certified automated system as to the taxability of product categories. The relief from liability provided by this paragraph does not apply when the sellers or certified service providers have incorrectly classified an item or transaction into a product category, unless the item or transaction within a product category was approved by the commissioner or approved jointly by the states that are signatories to the agreement. The sellers and certified service providers must revise a classification within ten days after receipt of notice from the commissioner that an item or transaction within a product category is incorrectly classified as to its taxability, or they are not relieved from liability for the incorrect classification following the notification.

(c) Notwithstanding subdivision 9, if there are not at least 30 days between the enactment of a new tax rate and the effective date of the new rate, sellers and certified service providers shall be relieved from liability for failing to collect tax at the new rate during the first 30 days of the rate change, beginning on the day after the date of enactment of the rate change, provided the seller or certified service provider continued to impose and collect the tax at the immediately preceding tax rate during this period. Relief from liability provided by this paragraph shall not apply if the failure to collect at the newly effective rate extends beyond 30 days after the enactment of the new rate. The relief provided by this paragraph shall not apply if the commissioner determines that the seller or certified service provider fraudulently failed to collect at the new rate or that the seller or certified service provider solicited purchasers based on the immediately preceding tax rate.

(d) Certified service providers are relieved from liability to the state when a seller fails to remit all or a portion of the seller's taxes prior to the due date of the remittance if the certified service provider has provided notification as outlined in the contract between the Streamlined Sales Tax Governing Board and the certified service provider.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

ARTICLE 10
DEPARTMENT OF REVENUE: MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

Subd. 3. **Standards of conduct.** No tax preparer shall:

- (1) without good cause fail to promptly, diligently, and without unreasonable delay complete a client's return;
- (2) obtain the signature of a client to a return or authorizing document that contains blank spaces to be filled in after it has been signed;
- (3) fail to sign a client's return when compensation for services rendered has been made;
- (4) fail to provide on a client's return the preparer tax identification number when required under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

(5) fail or refuse to give a client a copy of any document requiring the client's signature within a reasonable time after the client signs the document;

(6) fail to retain for at least four years a copy of a client's returns;

(7) fail to maintain a confidential relationship with clients or former clients;

(8) fail to take commercially reasonable measures to safeguard a client's nonpublic personal information;

(9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or indirectly, any false, deceptive, or misleading statement or representation relating to or in connection with the offering or provision of tax preparation services;

(10) require a client to enter into a loan arrangement in order to complete a client's return;

(11) claim credits or deductions on a client's return for which the tax preparer knows or reasonably should know the client does not qualify;

(12) report a household income on a client's claim filed under chapter 290A that the tax preparer knows or reasonably should know is not accurate;

(13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision 13, 20, 20a, 26, or 28;

(14) whether or not acting as a taxpayer representative, fail to conform to the standards of conduct required by Minnesota Rules, part 8052.0300, subpart 4;

(15) whether or not acting as a taxpayer representative, engage in any conduct that is incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

(16) whether or not acting as a taxpayer representative, engage in any conduct that is disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;

(17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated refund for tax preparation services;

(18) under any circumstances, withhold or fail to return to a client a document provided by the client for use in preparing the client's return;

(19) take control or ownership of a client's refund or department payment by any means, including:

(i) directly or indirectly endorsing or otherwise negotiating a check or other refund instrument, including an electronic version of a check;

(ii) directing an electronic or direct deposit of the refund or department payment into an account unless the client's name is on the account; and

(iii) establishing or using an account in the preparer's name to receive a client's refund or department payment through a direct deposit or any other instrument unless the client's name is also on the account, except that a taxpayer may assign the portion of a refund representing the Minnesota education credit available under section 290.0674 to a bank account without the client's name, as provided under section 290.0679;

- (20) fail to act in the best interests of the client;
- (21) fail to safeguard and account for any money handled for the client;
- (22) fail to disclose all material facts of which the preparer has knowledge which might reasonably affect the client's rights and interests;
- (23) violate any provision of section 332.37;
- (24) include any of the following in any document provided or signed in connection with the provision of tax preparation services:
 - (i) a hold harmless clause;
 - (ii) a confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding;
 - (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;
 - (iv) an assignment of or an order for payment of wages or other compensation for services;
 - (v) a provision in which the client agrees not to assert any claim or defense otherwise available;
 - (vi) a waiver of any provision of this section or a release of any obligation required to be performed on the part of the tax preparer; or
 - (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis; or
- (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a form that may be retained by the client.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 2. Minnesota Statutes 2024, section 270C.445, subdivision 6, is amended to read:

Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The commissioner may impose an administrative penalty of not more than \$1,000 per violation of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed for any conduct for which a tax preparer penalty is imposed under section 289A.60, subdivision 13. The commissioner may terminate a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines the tax preparer engaged in a pattern and practice of violating this section. Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. The commissioner shall collect the penalty in the same manner as the income tax. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed under this paragraph are public data.

(b) In addition to the penalty under paragraph (a), if the commissioner determines that a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may issue an administrative order to the tax preparer requiring the tax preparer to cease and desist from committing the violation. The administrative order may include an administrative penalty provided in paragraph (a).

(c) If the commissioner issues an administrative order under paragraph (b), the commissioner must send the order to the tax preparer addressed to the last known address of the tax preparer.

(d) A cease and desist order under paragraph (b) must:

(1) describe the act, conduct, or practice committed and include a reference to the law that the act, conduct, or practice violates; and

(2) provide notice that the tax preparer may request a hearing as provided in this subdivision.

(e) Within 30 days after the commissioner issues an administrative order under paragraph (b), the tax preparer may request a hearing to review the commissioner's action. The request for hearing must be made in writing and must be served on the commissioner at the address specified in the order. The hearing request must specifically state the reasons for seeking review of the order. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed.

(f) If a tax preparer does not timely request a hearing regarding an administrative order issued under paragraph (b), the order becomes a final order of the commissioner and is not subject to review by any court or agency.

(g) If a tax preparer timely requests a hearing regarding an administrative order issued under paragraph (b), the hearing must be commenced by the issuance of a notice of and order for hearing by the commissioner within ~~ten~~ 30 days after the commissioner receives the request for a hearing.

(h) A hearing timely requested under paragraph (e) is subject to the contested case procedure under chapter 14, as modified by this subdivision. The administrative law judge must issue a report containing findings of fact, conclusions of law, and a recommended order within ~~ten~~ 30 days after the completion of the hearing, the receipt of late-filed exhibits, or the submission of written arguments, whichever is later.

(i) Within ~~five~~ 15 days of the date of the administrative law judge's report issued under paragraph (h), any party aggrieved by the administrative law judge's report may submit written exceptions and arguments to the commissioner. Within ~~45~~ 45 days after receiving the administrative law judge's report, the commissioner must issue an order vacating, modifying, or making final the administrative order.

(j) The commissioner and the tax preparer requesting a hearing may by agreement lengthen any time periods prescribed in paragraphs (g) to (i).

(k) An administrative order issued under paragraph (b) is in effect until it is modified or vacated by the commissioner or an appellate court. The administrative hearing provided by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute the exclusive remedy for a tax preparer aggrieved by the order.

(l) The commissioner may impose an administrative penalty, in addition to the penalty under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under this paragraph, the tax preparer assessed the penalty may request a hearing to review the penalty order. The request for hearing must be made in writing and must be served on the commissioner at the address specified in the order. The hearing request must specifically state the reasons for seeking review of the order. The cease and desist order issued under paragraph (b) is not subject to review in a proceeding to challenge the penalty order under this paragraph. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed. If the tax preparer does not timely request a hearing, the penalty order becomes a final order of the commissioner and is not subject to review by any court or agency. A penalty imposed by the commissioner under this paragraph may be collected and enforced by the commissioner as an income tax liability. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. A penalty imposed under this paragraph is public data.

(m) If a tax preparer violates a cease and desist order issued under paragraph (b), the commissioner may terminate the tax preparer's authority to transmit returns electronically to the state. Termination under this paragraph is public data.

(n) A cease and desist order issued under paragraph (b) is public data when it is a final order.

(o) Notwithstanding any other law, the commissioner may impose a penalty or take other action under this subdivision against a tax preparer, with respect to a return, within the period to assess tax on that return as provided by sections 289A.38 to 289A.382.

(p) Notwithstanding any other law, the imposition of a penalty or any other action against a tax preparer under this subdivision, other than with respect to a return, must be taken by the commissioner within five years of the violation of statute.

EFFECTIVE DATE. This section is effective for penalties assessed and orders issued after the day following final enactment.

Sec. 3. Minnesota Statutes 2024, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net classification rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a classification rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

(1) any person who is blind as defined in section 256D.35, or the person who is blind and the spouse of the person who is blind;

(2) any person who is permanently and totally disabled or by the person with a disability and the spouse of the person with a disability; or

(3) the surviving spouse of a veteran who was permanently and totally disabled homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net classification rate of ~~45~~ 0.45 percent of its market value. The remaining market value of class 1b property is classified as class 1a property, ~~or~~ class 2a property, or class 4d(2) property, whichever is appropriate.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department of Natural Resources, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

- (1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;
- (2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;
- (3) the structure meets all applicable health and safety requirements for the appropriate season; and
- (4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same classification rates as class 1a property under paragraph (a).

EFFECTIVE DATE. This section is effective beginning with assessment year 2025 and thereafter.

Sec. 4. Minnesota Statutes 2024, section 289A.12, subdivision 18, is amended to read:

Subd. 18. ~~Returns~~ **Return by qualified heirs.** A qualified heir, as defined in section 291.03, subdivision 8, paragraph (c), must file ~~two returns~~ a return with the commissioner attesting that no disposition or cessation as provided by section 291.03, subdivision 11, paragraph (a), occurred. ~~The first return must be filed no earlier than 24 months and no later than 26 months after the decedent's death.~~ The ~~second~~ return must be filed no earlier than 36 months and no later than 39 months after the decedent's death.

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

Sec. 5. Minnesota Statutes 2024, section 297E.06, subdivision 4, is amended to read:

Subd. 4. **Annual audit, and certified inventory, and cash count.** (a) An organization licensed under chapter 349 with gross receipts from lawful gambling of more than \$750,000 in any year must have an annual financial audit of its lawful gambling activities and funds for that year. For the purposes of this subdivision, "gross receipts" does not include a licensed organization's receipts from electronic pull-tabs regulated under chapter 349 provided the electronic pull-tab manufacturer has completed an annual system and organization controls audit, containing standards that must incorporate and be consistent with standards prescribed by the American Institute of Certified Public Accountants.

(b) The commissioner may require a financial audit of the lawful gambling activities and funds of an organization licensed under chapter 349, with gross receipts less than \$750,000 annually, when an organization has:

- (1) failed to timely file required gambling tax returns;
- (2) failed to timely pay the gambling tax or regulatory fee;
- (3) filed fraudulent gambling tax returns;
- (4) failed to take corrective actions required by the commissioner; or
- (5) failed to otherwise comply with this chapter.

(c) Audits under this subdivision must be performed by an independent accountant firm licensed in accordance with chapter 326A.

(d) An organization licensed under chapter 349 must perform an annual certified inventory ~~and cash count report~~ report at the end of its fiscal year and submit the report to the commissioner within 30 days after the end of its fiscal year. The report shall be on a form prescribed by the commissioner.

(e) The commissioner of revenue shall prescribe standards for the audits, ~~and certified inventory, and cash count reports~~ report required under this subdivision. The standards may vary based on the gross receipts of the organization. The standards must incorporate and be consistent with standards prescribed by the American Institute of Certified Public Accountants. A complete, true, and correct copy of the audits, certified inventory, and cash count report must be filed as prescribed by the commissioner.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 6. Minnesota Statutes 2024, section 297I.20, subdivision 4, is amended to read:

Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums tax imposed under this chapter equal to the amount indicated on the credit certificate statement issued to the company under section 116U.27. If the amount of the credit exceeds the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. This credit does not affect the calculation of fire state aid under section 477B.03 and police state aid under section 477C.03.

(b) This subdivision expires January 1, ~~2025~~ 2031, for taxable years beginning after and premiums received after December 31, ~~2024~~ 2030.

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

Sec. 7. Laws 2023, chapter 1, section 28, is amended to read:

Sec. 28. **EXTENSION OF STATUTE OF LIMITATIONS.**

(a) Notwithstanding any law to the contrary, a taxpayer whose tax liability changes as a result of this act may file an amended return by December 31, 2023. The commissioner may review and assess the return of a taxpayer covered by this provision for the later of:

- (1) the periods under Minnesota Statutes, sections 289A.38; ~~289.39~~ 289A.39, subdivision 3; and 289A.40; or
- (2) one year from the time the amended return is filed as a result of a change in tax liability under this section.

(b) Interest on any additional liabilities as a result of any provision in this act accrue beginning on January 1, 2024.

EFFECTIVE DATE. This section is effective retroactively at the same time the changes incorporated in Laws 2023, chapter 1, were effective for federal purposes."

Delete the title and insert:

"A bill for an act relating to taxation; modifying individual income taxes, corporate franchise taxes, sales and use taxes, excise taxes, local sales and use taxes, property taxes, local government aids, tax increment financing, and other miscellaneous taxes and tax-related provisions; modifying the political contribution refund; modifying subtractions; providing for direct free filing; modifying credits, assignments, and transfers; modifying and providing for sales and use tax exemptions; modifying excise taxes for sales of premium cigars outside of Minnesota; providing for license endorsements for premium cigars; modifying accelerated payments for liquor excise and tobacco excise taxes; modifying and providing for property tax exemptions; modifying property tax classifications; providing for land bank organizations; providing local government aid penalty forgiveness; modifying aids; providing for special tax increment financing; modifying tax increment financing provisions; modifying provisions related to public finance; modifying provisions related to the Tax Expenditure Review Commission; increasing debt issue limits; modifying penalties relating to property tax refunds and certificates of rent paid; modifying payments for the Sustainable Forest Incentive Act; modifying gross revenues and gross receipts taxes; modifying solid waste management tax dedications and definitions; providing for land-value taxation districts; repealing the tax on illegal cannabis and controlled substances; creating a legislative task force on local sales and use taxes; providing transfers

of money; appropriating money; amending Minnesota Statutes 2024, sections 3.192; 3.8855, subdivisions 2, 3, 4, 5, 7, 8; 10A.02, subdivision 11b; 10A.322, subdivision 4; 37.31, subdivision 1; 41B.0391, subdivision 4; 116U.27, subdivision 2; 270C.11, subdivision 4; 270C.15; 270C.445, subdivisions 3, 6; 272.01, subdivision 2; 272.02, subdivisions 7, 19, by adding subdivisions; 273.13, subdivisions 22, 25, 34; 273.38; 273.41; 289A.12, subdivision 18; 289A.20, subdivision 4; 289A.60, subdivision 12; 290.01, subdivision 19; 290.0132, subdivisions 26, 34, by adding subdivisions; 290.0134, subdivision 20; 290.06, subdivision 23; 290.0661, by adding a subdivision; 290.0693, subdivisions 1, 4, 6, 8; 290.0695, subdivisions 1, 2, 3; 290A.03, subdivision 3; 290A.19; 290B.03, subdivision 1; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 290C.07; 295.53, subdivision 4a; 295.54, subdivision 2; 295.81, subdivision 10; 297A.68, subdivisions 3, 40; 297A.71, subdivision 54; 297A.75, subdivisions 1, 2, 3; 297A.77, subdivision 3; 297A.94; 297A.99, subdivisions 3a, 10; 297A.995, subdivisions 2, 10; 297E.06, subdivision 4; 297F.01, by adding a subdivision; 297F.03, by adding a subdivision; 297F.04; 297F.06, by adding a subdivision; 297F.09, subdivisions 2, 10; 297G.09, subdivisions 9, 10; 297H.01, subdivision 8; 297H.13, subdivision 2; 297I.20, subdivision 4; 373.40, subdivision 2; 446A.086, subdivisions 1, 2; 462A.39, subdivision 5; 462A.40, subdivisions 2, 3; 462C.04, subdivision 2; 469.104; 469.154, subdivision 4; 469.174, subdivision 10; 469.175, subdivision 3; 469.176, subdivision 4n; 469.1761, subdivisions 1, 3; 469.1763, subdivisions 2, 3, 4, by adding a subdivision; 469.177, subdivision 1; 469.1812, by adding a subdivision; 469.1813, subdivisions 1, 6, by adding a subdivision; 474A.091, subdivisions 2, 2a; 475.521, subdivision 2; 609.902, subdivision 4; 641.23; Laws 2010, chapter 389, article 7, section 22, as amended; Laws 2013, chapter 143, article 9, section 21; Laws 2014, chapter 308, article 6, section 9, as amended; Laws 2017, First Special Session chapter 1, article 6, section 22; Laws 2023, chapter 1, sections 22; 28; Laws 2023, chapter 64, article 15, section 24; proposing coding for new law in Minnesota Statutes, chapters 289A; 297A; 428A; repealing Minnesota Statutes 2024, sections 13.4967, subdivisions 2a, 5; 290.0679; 297D.01; 297D.02; 297D.03; 297D.04; 297D.05; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09, subdivisions 1, 1a, 2; 297D.10; 297D.11; 297D.12; 297D.13; 477A.32."

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

The report was adopted.

Baker and Pinto from the Committee on Workforce, Labor, and Economic Development Finance and Policy to which was referred:

H. F. No. 2441, A bill for an act relating to state government; establishing a biennial budget for the Department of Labor and Industry, Workers' Compensation Court of Appeals, and Bureau of Mediation Services; making various policy changes; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 177.253, subdivision 1, by adding a subdivision; 177.254, subdivisions 1, 2, by adding a subdivision; 326B.103, by adding subdivisions; 326B.184, subdivisions 1a, 2; 326B.31, subdivision 29; 326B.33, subdivision 21; 326B.37, subdivisions 1, 2, 4, 5, 6, 8, 9, by adding a subdivision; 326B.49, subdivisions 2, 3; 326B.986, subdivision 9; 327.31, by adding subdivisions; 327.32, subdivisions 1a, 1e, 7, 8; 327.33, subdivisions 1, 2, 2a, 2b, 2c, 3, 7, by adding subdivisions; 327.34, subdivision 1; 327.35, subdivision 1; 327B.01, subdivisions 1, 7, 11a, 19, by adding subdivisions; 327B.03; 327B.04, subdivisions 3, 4, 5, 6, 7, 7a, by adding subdivisions; 327B.041; 327B.042, subdivisions 1, 2; 327B.05, subdivision 1; 327B.06, subdivision 2; 327B.08, subdivision 1; 327B.09, subdivisions 1, 2, 3, 4; 327B.10; 327B.11, subdivision 1; 327B.12; Laws 2024, chapter 127, article 14, section 3; proposing coding for new law in Minnesota Statutes, chapter 326B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

**"ARTICLE 1
APPROPRIATIONS**

Section 1. APPROPRIATIONS.

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2026" and "2027" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively. "The first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium" is fiscal years 2026 and 2027.

(b) If an appropriation in this article is enacted more than once in the 2025 regular or special legislative session, the appropriation must be given effect only once.

**APPROPRIATIONS
Available for the Year
Ending June 30
2026 2027**

**Sec. 2. DEPARTMENT OF EMPLOYMENT AND
ECONOMIC DEVELOPMENT**

Subdivision 1. Total Appropriation \$145,034,000 \$109,490,000

Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General</u>	<u>80,513,000</u>	<u>80,513,000</u>
<u>Family and Medical</u>		
<u>Benefit Insurance</u>	<u>40,544,000</u>	<u>5,000,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>23,277,000</u>	<u>23,277,000</u>

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

Subd. 2. Business and Community Development 20,489,000 20,489,000

Appropriations by Fund

<u>General</u>	<u>19,789,000</u>	<u>19,789,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>

(a) \$1,037,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until June 30, 2029.

(b) \$500,000 each year is for grants to small business development centers under Minnesota Statutes, section 116J.68. Money made available under this paragraph may be used to match funds under the federal Small Business Development Center (SBDC) program under United States Code, title 15, section 648, to provide consulting and technical services or to build additional SBDC network capacity to serve entrepreneurs and small businesses.

(c) \$2,725,000 each year is for the small business assistance partnerships program under Minnesota Statutes, section 116J.682. All grant awards must be for two consecutive years. Grants must be awarded in the first year. The department may use up to five percent of the appropriation for administrative purposes.

(d) \$350,000 each year is for administration of the community energy transition office under Minnesota Statutes, section 116J.5491.

(e) \$1,022,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

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

(g) \$139,000 each year is for the Center for Rural Policy and Development.

(h) \$25,000 each year is for the administration of state aid for the Destination Medical Center Corporation under Minnesota Statutes, sections 469.40 to 469.47.

(i) \$875,000 each year is for the host community economic development program established in Minnesota Statutes, section 116J.548.

(j)(1) \$1,500,000 each year is for grants to local communities to increase the number of quality child care providers to support economic development. Fifty percent of grant money must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(2) Grant recipients must obtain a 50 percent nonstate match to grant money in either cash or in-kind contribution, unless the commissioner waives the requirement. Grant money available under this subdivision must be used to implement projects to reduce the child care shortage in the state, including but not limited

to funding for child care business start-ups or expansion, training, facility modifications, direct subsidies or incentives to retain employees, or improvements required for licensing and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have demonstrated a shortage of child care providers.

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

(k) \$500,000 each year is for the Office of Child Care Community Partnerships. Of this amount:

(1) \$450,000 each year is for administration of the Office of Child Care Community Partnerships; and

(2) \$50,000 each year is for the Labor Market Information Office to conduct research and analysis related to the child care industry.

(l) \$1,000,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations. This appropriation is available until June 30, 2029. The Minnesota Initiative Foundations must use grant money under this section to:

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

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

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

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

(m) \$1,246,000 each year is for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761.

(n) \$1,000,000 each year is for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Money available under this paragraph is for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and is available until expended. Of this amount, up to four percent is for administration and monitoring of the program.

(o) \$12,000 each year is for a grant to the Upper Minnesota Film Office.

(p) \$250,000 each year is for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.401.

(q) \$3,000,000 each year is for the CanStartup program under Minnesota Statutes, section 116J.659.

Subd. 3. Employment and Training Services

26,615,000

26,615,000

Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General</u>	<u>11,263,000</u>	<u>11,263,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>15,352,000</u>	<u>15,352,000</u>

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

(b) \$1,275,000 each year is for the transformative career pathways workforce grants under Minnesota Statutes, section 116L.43. The department may use up to five percent of this appropriation for administration, monitoring, and oversight of the program.

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

(d) \$3,990,000 each year from the general fund and \$5,954,000 each year from the workforce development fund are for the pathways to prosperity competitive grant program. Of this amount, up to five percent is for administration and monitoring of the program.

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

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

(g) \$1,125,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals including job training, employment preparation, internships, job assistance to parents, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this paragraph must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. Of this amount, up to five percent is for administration and monitoring of the program.

(h) \$1,500,000 each year from the general fund and \$3,348,000 each year from the workforce development fund are for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards must be for two consecutive years. Grants must be awarded in the first year.

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

(j) \$4,050,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(k) \$750,000 each year is for the Office of New Americans under Minnesota Statutes, section 116J.4231.

(l) \$25,000 each year is for a grant to the University of Minnesota Tourism Center for ongoing system maintenance, management, and content updates for an online hospitality training program in partnership with Explore Minnesota Tourism. This training program must be made available at no cost to Minnesota residents in an effort to address critical workforce shortages in the hospitality and tourism industries and assist in career development.

(m) \$150,000 each year is for prevailing wage staff under Minnesota Statutes, section 116J.871, subdivision 2.

(n)(1) \$250,000 each year is for the commissioner to, in consultation with the commissioner of children, youth, and families, purchase and operate an online early childhood development professional educator program to be available at no cost to early childhood educators, Minnesota residents, and high school students. Of this amount, up to \$50,000 each year is for reimbursing participating schools for the expense of supporting the program. School reimbursements must be done on a first-come, first-served basis, though at least 50 percent must go to schools outside the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2.

(2) The program selected must:

(i) include all of the coursework in English or Spanish necessary to earn a child development associate credential upon successful completion;

(ii) provide courses allowing for the award of continuing education units accredited by the International Accreditors for Continuing Education and Training;

(iii) provide health and safety courses meeting federal annual training requirements under the child care development block grant and the child care and development fund;

(iv) be usable for students in high school career and technical programs if requested by school districts;

(v) be based on research and developmentally appropriate practices as defined by national professional organizations such as the National Association for the Education of Young Children;

(vi) include content that spans early childhood development from birth to age five and that covers topics such as developmental milestones, health and safety, working with children with special needs, supporting families, the Science of Reading, and running a high-quality early education program;

(vii) include videos, interactive games, knowledge checks, and writing assignments;

(viii) have a system for program administrators and state agencies to capture course completion data, certification status, and individual and group professional development progress;

(ix) be accessible on a range of computers, tablets, and mobile devices;

(x) include professional development opportunities that are both synchronous and asynchronous;

(xi) foster a professional learning community with access to early childhood content experts and opportunities to share knowledge with peers around the country;

(xii) provide a user-friendly system with support by a customer help desk; and

(xiii) support a professional development system housed on a learning management system with proven capability to provide reliable simultaneous access to a network of early educators.

(o) \$448,000 each year is for a grant to the Minnesota STEM Ecosystem. Grant money must be used to support STEM learning opportunities and workforce development within the science and technology areas. The Minnesota STEM Ecosystem may award grants to programs that support STEM learning and workforce development to ensure strategic alignment of STEM initiatives across the state.

Subd. 4. General Support Services

5,028,000

5,028,000

Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General Fund</u>	<u>4,933,000</u>	<u>4,933,000</u>
<u>Workforce Development</u>	<u>95,000</u>	<u>95,000</u>

Of these amounts, \$1,269,000 each year is for transfer to the Minnesota Housing Finance Agency for operating the Olmstead Compliance Office.

Subd. 5. Minnesota Trade Office

2,242,000

2,242,000

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

(b) \$180,000 each year is for the Invest Minnesota marketing initiative under Minnesota Statutes, section 116J.9781.

(c) \$270,000 each year is for the Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

Subd. 6. Vocational Rehabilitation

41,691,000

41,691,000

Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General</u>	<u>33,861,000</u>	<u>33,861,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>7,830,000</u>	<u>7,830,000</u>

(a) \$16,800,000 each year is for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

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

(c) \$2,555,000 each year is for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

(d) \$3,011,000 each year is for grants to centers for independent living under Minnesota Statutes, section 268A.11.

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

Subd. 7. Services for the Blind

8,425,000

8,425,000

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

Subd. 8. Paid Leave40,544,0005,000,000

This appropriation is from the family and medical benefit insurance account for the purposes of Minnesota Statutes, chapter 268B.

Sec. 3. EXPLORE MINNESOTA TOURISM**\$17,032,000****\$17,032,000**

Of these amounts, \$500,000 each year must be matched from nonstate sources to develop maximum private sector involvement in tourism. Each \$1 of state incentive must be matched with \$6 of private sector money. "Matched" means revenue to the state or documented in-kind, soft match, or cash expenditures directly expended to support Explore Minnesota under Minnesota Statutes, section 116U.05. The incentive in fiscal year 2026 is based on fiscal year 2025 private sector contributions. The incentive in fiscal year 2027 is based on fiscal year 2026 private sector contributions. This incentive is ongoing.

Sec. 4. DEPARTMENT OF LABOR AND INDUSTRY**Subdivision 1. Total Appropriation****\$51,128,000****\$50,657,000**Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General</u>	<u>9,160,000</u>	<u>9,179,000</u>
<u>Family and Medical</u>		
<u>Benefit</u>	<u>366,000</u>	<u>-0-</u>
<u>Workers' Compensation</u>	<u>34,776,000</u>	<u>34,652,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>6,826,000</u>	<u>6,826,000</u>

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

Subd. 2. General Support10,990,00011,300,000

This appropriation is from the workers' compensation fund.

Subd. 3. Labor Standards9,031,0008,731,000Appropriations by Fund

<u>General</u>	<u>6,969,000</u>	<u>7,035,000</u>
<u>Family and Medical</u>		
<u>Benefit</u>	<u>366,000</u>	<u>-0-</u>
<u>Workforce</u>		
<u>Development</u>	<u>1,696,000</u>	<u>1,696,000</u>

- (a) \$2,046,000 each year is for wage theft prevention.
- (b) \$1,696,000 each year is from the workforce development fund for prevailing wage enforcement.
- (c) \$355,000 each year is for education and training related to employee misclassification.
- (d) \$1,899,000 each year is for enforcement and other duties regarding earned sick and safe time under Minnesota Statutes, chapter 177, and sections 181.9445 to 181.9448.
- (e) \$134,000 each year is for outreach and enforcement efforts related to changes to the nursing mothers, lactating employees, and pregnancy accommodations law under Minnesota Statutes, chapter 181.
- (f) \$169,000 each year is for the purposes of the Safe Workplaces for Meat and Poultry Processing Workers Act.
- (g) \$141,000 each year is to inform and educate employers relating to Minnesota Statutes, section 181.960.
- (h) \$123,000 each year is for the purposes of enforcement, education, and outreach regarding Minnesota Statutes, sections 181C.02 and 181C.03.
- (i) \$366,000 the first year and \$0 the second year are from the family and medical benefit insurance account for the purposes of Minnesota Statutes, chapter 268B.
- (j)(1) \$163,000 each year is for the misclassification fraud impact report and for legal, technical, and clerical staff support for the report. Amounts appropriated are available in either year and are available until June 30, 2027.
- (2) The commissioner of labor and industry may enter into interagency agreements with the commissioners of employment and economic development and revenue to transfer funds appropriated under clause (1) to cover costs associated with the misclassification fraud impact report.

Subd. 4. **Workers' Compensation**

15,725,000

15,725,000

This appropriation is from the workers' compensation fund.

Subd. 5. **Workplace Safety**

8,061,000

7,627,000

This appropriation is from the workers' compensation fund.

Subd. 6. Employment-Based Initiatives2,404,0002,404,000Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General</u>	<u>33,000</u>	<u>33,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>2,371,000</u>	<u>2,371,000</u>

(a) \$500,000 each year is from the workforce development fund for the dual-training pipeline program. Of this amount, \$200,000 each year is for the identification of competency standards under Minnesota Statutes, section 175.45, for fields other than the legal cannabis industry.

(b) \$33,000 each year is to identify occupational competency standards and provide technical assistance for developing dual-training programs under Minnesota Statutes, section 175.45, for the legal cannabis industry.

(c) \$1,500,000 each year is from the workforce development fund for youth skills training grants under Minnesota Statutes, section 175.46.

(d) \$371,000 each year is from the workforce development fund for administration of the youth skills training grants program under Minnesota Statutes, section 175.46.

Subd. 7. Combative Sports254,000254,000**Subd. 8. Apprenticeship**4,259,0004,259,000Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General</u>	<u>1,500,000</u>	<u>1,500,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>2,759,000</u>	<u>2,759,000</u>

(a) \$1,000,000 each year is from the workforce development fund for labor education and advancement program grants under Minnesota Statutes, section 178.11.

(b) \$225,000 each year is from the workforce development fund for grants to Building Strong Communities, Inc. for the Helmets to Hardhats Minnesota initiative. Grant money must be used to recruit, retain, assist, and support National Guard, reserve, and active duty military members' and veterans' participation in apprenticeship programs registered with the Department of Labor and Industry and connect service members and veterans with

career training and employment in the building and construction industry. The recruitment, selection, employment, and training must be without discrimination due to race, color, creed, religion, national origin, sex, sexual orientation, marital status, physical or mental disability, receipt of public assistance, or age.

(c) \$1,500,000 each year is for a registered teacher apprenticeship competitive grant program. Funds must be awarded through a competitive request for proposal process. Grant awards must be used to establish, administer, and operationalize registered teacher apprenticeship programs and joint apprenticeship training committees statewide in accordance with the requirements of Minnesota Statutes, chapter 178. Grant money may be used to:

(1) fund personnel costs;

(2) design and update related instruction for the programs in coordination with teacher preparation providers approved by the Professional Educators Licensing and Standards Board;

(3) purchase equipment, training materials, and software licenses for apprentice tracking systems for the programs;

(4) fund marketing costs associated with the recruitment of signatory school districts, journeyworker teachers, and apprentices; and

(5) fund subawards to signatory school districts to offset costs for participation in the program. Subawards may be used for:

(i) apprentice tuition, scholarships, and other supportive services; and

(ii) journeyworker teacher stipends.

Grant money may not be used to pay for apprentice wages and registered apprentices must not incur any cost for their participation in the apprenticeship programs. Notwithstanding any law to the contrary, payments under clause (5) must not be considered income, assets, or personal property for purposes of determining eligibility or recertifying eligibility for aid authorized by Minnesota Statutes, section 136A.1465.

By January 15 every year, beginning in 2028, the commissioner must report to the legislative committees with jurisdiction over kindergarten through grade 12 education, higher education, labor, and workforce development on how teacher apprenticeship program funding was used and recommendations for statutory or rule changes to facilitate program improvement and expansion of teacher apprenticeship programs as a pathway to teacher licensure.

Subd. 9. <u>Nursing Home Workforce Standards Board</u>	<u>404,000</u>	<u>357,000</u>
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Sec. 5. <u>BUREAU OF MEDIATION SERVICES</u>	<u>\$3,775,000</u>	<u>\$3,775,000</u>
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Of these amounts, \$751,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041.

Sec. 6. <u>WORKERS' COMPENSATION COURT OF APPEALS</u>	<u>\$2,962,000</u>	<u>\$2,895,000</u>
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This appropriation is from the workers' compensation fund.

Sec. 7. <u>DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES</u>	<u>\$250,000</u>	<u>\$250,000</u>
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\$250,000 each year is for child care improvement grants under Minnesota Statutes, section 142D.20, subdivision 3, paragraph (a), clause (7). Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the amount for administrative costs under these appropriations is \$0.

ARTICLE 2 APPROPRIATION MODIFICATIONS

Section 1. Laws 2023, chapter 53, article 20, section 2, subdivision 2, as amended by Laws 2024, chapter 120, article 1, section 6, is amended to read:

Subd. 2. Business and Community Development	195,061,000	139,104,000
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Appropriations by Fund

General	193,011,000	137,054,000
Remediation	700,000	700,000
Workforce Development	1,350,000	1,350,000

(a) \$2,287,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until June 30, 2027.

(b) \$500,000 each year is for grants to small business development centers under Minnesota Statutes, section 116J.68. Money made available under this paragraph may be used to match funds under the federal Small Business Development Center (SBDC) program under United States Code, title 15, section 648, to provide consulting and technical services or to build additional SBDC network capacity to serve entrepreneurs and small businesses.

(c) \$2,500,000 the first year is for Launch Minnesota. This is a onetime appropriation. Of this amount:

(1) \$1,500,000 is for innovation grants to eligible Minnesota entrepreneurs or start-up businesses to assist with their operating needs;

(2) \$500,000 is for administration of Launch Minnesota; and

(3) \$500,000 is for grantee activities at Launch Minnesota.

(d)(1) \$500,000 each year is for grants to MNSBIR, Inc., to support moving scientific excellence and technological innovation from the lab to the market for start-ups and small businesses by securing federal research and development funding. The purpose of the grant is to build a strong Minnesota economy and stimulate the creation of novel products, services, and solutions in the private sector; strengthen the role of small business in meeting federal research and development needs; increase the commercial application of federally supported research results; and develop and increase the Minnesota workforce, especially by fostering and encouraging participation by small businesses owned by women and people who are Black, Indigenous, or people of color. This is a onetime appropriation.

(2) MNSBIR, Inc., shall use the grant money to be the dedicated resource for federal research and development for small businesses of up to 500 employees statewide to support research and commercialization of novel ideas, concepts, and projects into cutting-edge products and services for worldwide economic impact. MNSBIR, Inc., shall use grant money to:

(i) assist small businesses in securing federal research and development funding, including the Small Business Innovation Research and Small Business Technology Transfer programs and other federal research and development funding opportunities;

(ii) support technology transfer and commercialization from the University of Minnesota, Mayo Clinic, and federal laboratories;

(iii) partner with large businesses;

(iv) conduct statewide outreach, education, and training on federal rules, regulations, and requirements;

(v) assist with scientific and technical writing;

(vi) help manage federal grants and contracts; and

(vii) support cost accounting and sole-source procurement opportunities.

(e) \$10,000,000 the first year is for transfer to the Minnesota Expanding Opportunity Fund Program special revenue account under Minnesota Statutes, section 116J.8733. This is a onetime ~~appropriation~~ transfer and is available until June 30, 2025.

(f) \$6,425,000 each year is for the small business assistance partnerships program under Minnesota Statutes, section 116J.682. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. The department may use up to five percent of the appropriation for administrative purposes. The base for this appropriation is \$2,725,000 in fiscal year 2026 and each year thereafter.

(g) \$350,000 each year is for administration of the community energy transition office.

(h) \$5,000,000 each year is transferred from the general fund to the community energy transition account for grants under Minnesota Statutes, section 116J.55. This is a onetime transfer.

(i) \$1,772,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

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

(k) \$389,000 each year is for the Center for Rural Policy and Development. The base for this appropriation is \$139,000 in fiscal year 2026 and each year thereafter.

(l) \$25,000 each year is for the administration of state aid for the Destination Medical Center under Minnesota Statutes, sections 469.40 to 469.47.

(m) \$875,000 each year is for the host community economic development program established in Minnesota Statutes, section 116J.548.

(n) \$6,500,000 each year is for grants to local communities to increase the number of quality child care providers to support economic development. Fifty percent of grant money must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. The base for this appropriation is \$1,500,000 in fiscal year 2026 and each year thereafter.

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

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

(o) \$500,000 each year is for the Office of Child Care Community Partnerships. Of this amount:

(1) \$450,000 each year is for administration of the Office of Child Care Community Partnerships; and

(2) \$50,000 each year is for the Labor Market Information Office to conduct research and analysis related to the child care industry.

(p) \$3,500,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations. This appropriation is available until June 30, 2027. The base for this appropriation is \$1,000,000 in fiscal year 2026 and each year thereafter. The Minnesota Initiative Foundations must use grant money under this section to:

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

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

(3) provide locally based training and technical assistance to rural business owners individually or through a learning cohort. Access to financial and business development assistance must prepare child care businesses for quality engagement and improvement by

stabilizing operations, leveraging funding from other sources, and fostering business acumen that allows child care businesses to plan for and afford the cost of providing quality child care; and

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

(q) \$8,000,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8748, money appropriated for the job creation fund may be used for redevelopment under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner.

(r) \$12,370,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8731, money appropriated to the commissioner for the Minnesota investment fund may be used for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner. Grants under this paragraph are not subject to the grant amount limitation under Minnesota Statutes, section 116J.8731.

(s) \$4,246,000 each year is for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761. The base for this appropriation is \$2,246,000 in fiscal year 2026 and each year thereafter. This appropriation is available until expended.

(t) \$1,000,000 each year is for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Money available under this paragraph is for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until expended. Of this amount, up to four percent is for administration and monitoring of the program.

(u) \$325,000 the first year is for the Minnesota Film and TV Board. The appropriation is available only upon receipt by the board of \$1 in matching contributions of money or in-kind

contributions from nonstate sources for every \$3 provided by this appropriation, except that up to \$50,000 is available on July 1 even if the required matching contribution has not been received by that date. This is a onetime appropriation.

(v) \$12,000 each year is for a grant to the Upper Minnesota Film Office.

(w) \$500,000 the first year is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2027. This is a onetime appropriation.

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

(y) \$1,350,000 each year from the workforce development fund is for jobs training grants under Minnesota Statutes, section 116L.41.

(z) \$47,475,000 the first year and \$50,475,000 the second year are for the PROMISE grant program. This is a onetime appropriation and is available until June 30, 2027. Any unencumbered balance remaining at the end of the first year does not cancel but is available the second year. Of this amount:

(1) \$475,000 each year is for administration of the PROMISE grant program;

(2) \$7,500,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations to serve businesses in greater Minnesota. Of this amount, \$600,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year; and

(3) \$39,500,000 the first year and \$42,500,000 the second year are for grants to the Neighborhood Development Center. Of this amount, the following amounts are designated for the following areas:

(i) \$16,000,000 each year is for North Minneapolis' West Broadway, Camden, or other Northside neighborhoods. Of this amount, \$1,000,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year;

(ii) ~~\$13,500,000~~ \$12,500,000 each year is for South Minneapolis' Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors. Of this amount, \$750,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year;

(iii) \$10,000,000 each year is for St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods. Of this amount, \$750,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year;

(iv) \$1,000,000 the first year is for South Minneapolis' Hennepin Avenue Commercial corridor, South Hennepin Community corridor, and Uptown Special Service District; and

(v) \$3,000,000 the second year is for grants to businesses in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, excluding the cities of Minneapolis and St. Paul.

(aa) \$15,150,000 each year is for the PROMISE loan program. This is a onetime appropriation and is available until June 30, 2027. Of this amount:

(1) \$150,000 each year is for administration of the PROMISE loan program;

(2) \$3,000,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations to serve businesses in greater Minnesota; and

(3) \$12,000,000 each year is for grants to the Metropolitan Economic Development Association (MEDA). Of this amount, the following amounts are designated for the following areas:

(i) \$4,500,000 each year is for North Minneapolis' West Broadway, Camden, or other Northside neighborhoods;

(ii) \$4,500,000 each year is for South Minneapolis' Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors; and

(iii) \$3,000,000 each year is for St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods.

(bb) \$1,500,000 each year is for a grant to the Metropolitan Consortium of Community Developers for the community wealth-building grant program pilot project. Of this amount, up to two percent is for administration and monitoring of the community wealth-building grant program pilot project. This is a onetime appropriation.

(cc) \$250,000 each year is for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.401.

(dd) \$5,000,000 the first year is for a grant to the Bloomington Port Authority to provide funding for the Expo 2027 host organization. The Bloomington Port Authority must enter into an agreement with the host organization over the use of money, which may be used for activities, including but not limited to finalizing the

community dossier and staffing the host organization and for infrastructure design and planning, financial modeling, development planning and coordination of both real estate and public private partnerships, and reimbursement of costs the Bloomington Port Authority incurred. In selecting vendors and exhibitors for Expo 2027, the host organization shall prioritize outreach to, collaboration with, and inclusion of businesses that are majority owned by people of color, women, and people with disabilities. The host organization and Bloomington Port Authority may be reimbursed for expenses 90 days prior to encumbrance. This appropriation is contingent on approval of the project by the Bureau International des Expositions. If the project is not approved by the Bureau International des Expositions, the money shall transfer to the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(ee) \$5,000,000 the first year is for a grant to the Neighborhood Development Center for small business programs, including training, lending, business services, and real estate programming; small business incubator development in the Twin Cities and outside the seven-county metropolitan area; and technical assistance activities for partners outside the seven-county metropolitan area; and for high-risk, character-based loan capital for nonrecourse loans. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(ff) \$5,000,000 the first year is for transfer to the emerging developer fund account in the special revenue fund. Of this amount, up to five percent is for administration and monitoring of the emerging developer fund program under Minnesota Statutes, section 116J.9926, and the remainder is for a grant to the Local Initiatives Support Corporation - Twin Cities to serve as a partner organization under the program. This is a onetime appropriation.

(gg) \$5,000,000 the first year is for the Canadian border counties economic relief program under article 5. Of this amount, up to \$1,000,000 is for Tribal economic development and \$2,100,000 is for a grant to Lake of the Woods County for the forgivable loan program for remote recreational businesses. This is a onetime appropriation and is available until June 30, 2026.

(hh) \$1,000,000 each year is for a grant to African Economic Development Solutions. This is a onetime appropriation and is available until June 30, 2026. Of this amount:

(1) \$500,000 each year is for a loan fund that must address pervasive economic inequities by supporting business ventures of entrepreneurs in the African immigrant community; and

(2) \$250,000 each year is for workforce development and technical assistance, including but not limited to business development, entrepreneur training, business technical assistance, loan packing, and community development services.

(ii) \$1,500,000 each year is for a grant to the Latino Economic Development Center. This is a onetime appropriation and is available until June 30, 2025. Of this amount:

(1) \$750,000 each year is to assist, support, finance, and launch microentrepreneurs by delivering training, workshops, and one-on-one consultations to businesses; and

(2) \$750,000 each year is to guide prospective entrepreneurs in their start-up process by introducing them to key business concepts, including business start-up readiness. Grant proceeds must be used to offer workshops on a variety of topics throughout the year, including finance, customer service, food-handler training, and food-safety certification. Grant proceeds may also be used to provide lending to business startups.

(jj) \$627,000 the first year is for a grant to Community and Economic Development Associates (CEDA) to provide funding for economic development technical assistance and economic development project grants to small communities across rural Minnesota and for CEDA to design, implement, market, and administer specific types of basic community and economic development programs tailored to individual community needs. Technical assistance grants shall be based on need and given to communities that are otherwise unable to afford these services. Of the amount appropriated, up to \$270,000 may be used for economic development project implementation in conjunction with the technical assistance received. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available the second year.

(kk) \$2,000,000 the first year is for a grant to WomenVenture to:

(1) support child care providers through business training and shared services programs and to create materials that could be used, free of charge, for start-up, expansion, and operation of child care businesses statewide, with the goal of helping new and existing child care businesses in underserved areas of the state become profitable and sustainable; and

(2) support business expansion for women food entrepreneurs throughout Minnesota's food supply chain to help stabilize and strengthen their business operations, create distribution networks, offer technical assistance and support to beginning women food entrepreneurs, develop business plans, develop a workforce, research expansion strategies, and for other related activities.

Eligible uses of the money include but are not limited to:

- (i) leasehold improvements;
- (ii) additions, alterations, remodeling, or renovations to rented space;
- (iii) inventory or supplies;
- (iv) machinery or equipment purchases;
- (v) working capital; and
- (vi) debt refinancing.

Money distributed to entrepreneurs may be loans, forgivable loans, and grants. Of this amount, up to five percent may be used for the WomenVenture's technical assistance and administrative costs. This is a onetime appropriation and is available until June 30, 2026.

By December 15, 2026, WomenVenture must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and employment and economic development. The report must include a summary of the uses of the appropriation, including the amount of the appropriation used for administration. The report must also provide a breakdown of the amount of funding used for loans, forgivable loans, and grants; information about the terms of the loans issued; a discussion of how money from repaid loans will be used; the number of entrepreneurs assisted; and a breakdown of how many entrepreneurs received assistance in each county.

(ll) \$2,000,000 the first year is for a grant to African Career, Education, and Resource, Inc., for operational infrastructure and technical assistance to small businesses. This appropriation is available until June 30, 2025.

(mm) \$5,000,000 the first year is for a grant to the African Development Center to provide loans to purchase commercial real estate and to expand organizational infrastructure. This appropriation is available until June 30, 2025. Of this amount:

- (1) \$2,800,000 is for loans to purchase commercial real estate targeted at African immigrant small business owners;
- (2) \$364,000 is for loan loss reserves to support loan volume growth and attract additional capital;
- (3) \$836,000 is for increasing organizational capacity;

(4) \$300,000 is for the safe 2 eat project of inclusive assistance with required restaurant licensing examinations; and

(5) \$700,000 is for a center for community resources for language and technology assistance for small businesses.

(nn) \$7,000,000 the first year is for grants to the Minnesota Initiative Foundations to capitalize their revolving loan funds, which address unmet financing needs of for-profit business start-ups, expansions, and ownership transitions; nonprofit organizations; and developers of housing to support the construction, rehabilitation, and conversion of housing units. Of the amount appropriated:

(1) \$1,000,000 is for a grant to the Southwest Initiative Foundation;

(2) \$1,000,000 is for a grant to the West Central Initiative Foundation;

(3) \$1,000,000 is for a grant to the Southern Minnesota Initiative Foundation;

(4) \$1,000,000 is for a grant to the Northwest Minnesota Foundation;

(5) \$2,000,000 is for a grant to the Initiative Foundation of which \$1,000,000 is for redevelopment of the St. Cloud Youth and Family Center; and

(6) \$1,000,000 is for a grant to the Northland Foundation.

(oo) \$500,000 each year is for a grant to Enterprise Minnesota, Inc., to reach and deliver talent, leadership, employee retention, continuous improvement, strategy, quality management systems, revenue growth, and manufacturing peer-to-peer advisory services to small manufacturing companies employing 35 or fewer full-time equivalent employees. This is a onetime appropriation. No later than February 1, 2025, and February 1, 2026, Enterprise Minnesota, Inc., must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development that includes:

(1) the grants awarded during the past 12 months;

(2) the estimated financial impact of the grants awarded to each company receiving services under the program;

(3) the actual financial impact of grants awarded during the past 24 months; and

(4) the total amount of federal funds leveraged from the Manufacturing Extension Partnership at the United States Department of Commerce.

(pp) \$375,000 each year is for a grant to PFund Foundation to provide grants to LGBTQ+-owned small businesses and entrepreneurs. Of this amount, up to five percent may be used for PFund Foundation's technical assistance and administrative costs. This is a onetime appropriation and is available until June 30, 2026. To the extent practicable, money must be distributed by PFund Foundation as follows:

(1) at least 33.3 percent to businesses owned by members of racial minority communities; and

(2) at least 33.3 percent to businesses outside of the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(qq) \$125,000 each year is for a grant to Quorum to provide business support, training, development, technical assistance, and related activities for LGBTQ+-owned small businesses that are recipients of a PFund Foundation grant. Of this amount, up to five percent may be used for Quorum's technical assistance and administrative costs. This is a onetime appropriation and is available until June 30, 2026.

(rr) \$5,000,000 the first year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services to minority-owned businesses. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available the second year. Of this amount:

(1) \$3,000,000 is for a revolving loan fund to provide additional minority-owned businesses with access to capital; and

(2) \$2,000,000 is for operating support activities related to business development and assistance services for minority business enterprises.

By February 1, 2025, MEDA shall report to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over economic development policy and finance on the loans and operating support activities, including outcomes and expenditures, supported by the appropriation under this paragraph.

(ss) \$2,500,000 each year is for a grant to a Minnesota-based automotive component manufacturer and distributor specializing in electric vehicles and sensor technology that manufactures all of

their parts onshore to expand their manufacturing. The grant recipient under this paragraph shall submit reports on the uses of the money appropriated, the number of jobs created due to the appropriation, wage information, and the city and state in which the additional manufacturing activity was located to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development. An initial report shall be submitted by December 15, 2023, and a final report is due by December 15, 2025. This is a onetime appropriation.

(tt)(1) \$125,000 each year is for grants to the Latino Chamber of Commerce Minnesota to support the growth and expansion of small businesses statewide. Funds may be used for the cost of programming, outreach, staffing, and supplies. This is a onetime appropriation.

(2) By January 15, 2026, the Latino Chamber of Commerce Minnesota must submit a report to the legislative committees with jurisdiction over economic development that details the use of grant funds and the grant's economic impact.

(uu) \$175,000 the first year is for a grant to the city of South St. Paul to study options for repurposing the 1927 American Legion Memorial Library after the property is no longer used as a library. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(vv) \$250,000 the first year is for a grant to LatinoLEAD for organizational capacity-building.

(ww) \$80,000 the first year is for a grant to the Neighborhood Development Center for small business competitive grants to software companies working to improve employee engagement and workplace culture and to reduce turnover.

(xx)(1) \$3,000,000 in the first year is for a grant to the Center for Economic Inclusion for strategic, data-informed investments in job creation strategies that respond to the needs of underserved populations statewide. This may include forgivable loans, revenue-based financing, and equity investments for entrepreneurs with barriers to growth. Of this amount, up to five percent may be used for the center's technical assistance and administrative costs. This appropriation is available until June 30, 2025.

(2) By January 15, 2026, the Center for Economic Inclusion shall submit a report on the use of grant funds, including any loans made, to the legislative committees with jurisdiction over economic development.

(yy) \$500,000 the first year is for a grant to the Asian Economic Development Association for asset building and financial empowerment for entrepreneurs and small business owners, small business development and technical assistance, and cultural placemaking. This is a onetime appropriation.

(zz) \$500,000 each year is for a grant to Isuroon to support primarily African immigrant women with entrepreneurial training to start, manage, and grow self-sustaining microbusinesses, develop incubator space for these businesses, and provide support with financial and language literacy, systems navigation to eliminate capital access disparities, marketing, and other technical assistance. This is a onetime appropriation.

EFFECTIVE DATE. This section is effective retroactively to July 1, 2023.

Sec. 2. Laws 2023, chapter 53, article 20, section 2, subdivision 3, as amended by Laws 2024, chapter 120, article 1, section 7, is amended to read:

Subd. 3. Employment and Training Programs	112,038,000	104,499,000
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Appropriations by Fund

	2024	2025
General	91,036,000	83,497,000
Workforce Development	21,002,000	21,002,000

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

(b) \$25,000,000 each year is for the targeted population workforce grants under Minnesota Statutes, section 116L.43. The department may use up to five percent of this appropriation for administration, monitoring, and oversight of the program. Of this amount:

(1) \$18,500,000 each year is for job and entrepreneurial skills training grants under Minnesota Statutes, section 116L.43, subdivision 2;

(2) \$1,500,000 each year is for diversity and inclusion training for small employers under Minnesota Statutes, section 116L.43, subdivision 3; and

(3) \$5,000,000 each year is for capacity building grants under Minnesota Statutes, section 116L.43, subdivision 4.

The base for this appropriation is \$1,275,000 in fiscal year 2026 and each year thereafter.

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

(d) \$10,000,000 each year is for the Drive for Five Initiative to conduct outreach and provide job skills training, career counseling, case management, and supportive services for careers in (1) technology, (2) labor, (3) the caring professions, (4) manufacturing, and (5) educational and professional services. This is a onetime appropriation.

(e) Of the amounts appropriated in paragraph (d), the commissioner must make \$7,000,000 each year available through a competitive request for proposal process. The grant awards must be used to provide education and training in the five industries identified in paragraph (d). Education and training may include:

- (1) student tutoring and testing support services;
- (2) training and employment placement in high wage and high growth employment;
- (3) assistance in obtaining industry-specific certifications;
- (4) remedial training leading to enrollment in employment training programs or services;
- (5) real-time work experience;
- (6) career and educational counseling;
- (7) work experience and internships; and
- (8) supportive services.

(f) Of the amount appropriated in paragraph (d), \$2,000,000 each year must be awarded through competitive grants made to trade associations or chambers of commerce for job placement services. Grant awards must be used to encourage workforce training efforts to ensure that efforts are aligned with employer demands and that graduates are connected with employers that are currently hiring. Trade associations or chambers must partner with employers with current or anticipated employment opportunities and nonprofit workforce training partners participating in this program. The trade associations or chambers must work closely with the industry sector training providers in the five industries identified in paragraph (d). Grant awards may be used for:

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

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

(3) industry-specific training.

(g) Of the amount appropriated in paragraph (d), \$1,000,000 each year is to hire, train, and deploy business services representatives in local workforce development areas throughout the state. Business services representatives must work with an assigned local workforce development area to address the hiring needs of Minnesota's businesses by connecting job seekers and program participants in the CareerForce system. Business services representatives serve in the classified service of the state and operate as part of the agency's Employment and Training Office. The commissioner shall develop and implement training materials and reporting and evaluation procedures for the activities of the business services representatives. The business services representatives must:

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

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

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

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

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

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

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

(l) \$750,000 each year from the general fund and \$6,698,000 each year from the workforce development fund are for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. The base for this appropriation is \$750,000 from the general fund and \$3,348,000 from the workforce development fund beginning in fiscal year 2026 and each year thereafter.

(m) \$1,093,000 each year is from the general fund and \$1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366. The base for this appropriation is \$1,000,000 from the workforce development fund in fiscal year 2026 and each year thereafter.

(n) \$4,511,000 each year from the general fund and \$4,050,000 each year from the workforce development fund are for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561. The base for this appropriation is \$0 from the general fund and \$4,050,000 from the workforce development fund in fiscal year 2026 and each year thereafter.

(o) \$750,000 each year is for the Office of New Americans under Minnesota Statutes, section 116J.4231.

(p) \$1,000,000 each year from the workforce development fund is for a grant to the Minnesota Technology Association to support the SciTech internship program, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students and graduate students in their fields of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in Minnesota having fewer than 250 employees worldwide. At least 325 students must be matched each year. No more than 15 percent of the hires may be graduate students. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at

\$3,000 per intern. The program must work toward increasing the participation among women or other underserved populations. This is a onetime appropriation.

(q) \$750,000 each year is for grants to the Minneapolis Park and Recreation Board's Teen Teamworks youth employment and training programs. This is a onetime appropriation and available until June 30, 2027. Any unencumbered balance remaining at the end of the first year does not cancel but is available in the second year.

(r) \$900,000 each year is for a grant to Avivo to provide low-income individuals with career education and job skills training that is fully integrated with chemical and mental health services. Of this amount, up to \$250,000 each year is for a grant to Avivo to provide resources and support services to survivors of sex trafficking and domestic abuse in the greater St. Cloud area as they search for employment. Program resources include but are not limited to costs for day care, transportation, housing, legal advice, procuring documents required for employment, interview clothing, technology, and Internet access. The program shall also include public outreach and corporate training components to communicate to the public and potential employers about the specific struggles faced by survivors as they re-enter the workforce. This is a onetime appropriation.

(s) \$1,000,000 each year is for the getting to work grant program under Minnesota Statutes, section 116J.545. Of this amount, up to five percent is for administration and monitoring of the program. This is a onetime appropriation.

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

(u) \$463,000 the first year is for a grant to the Boys and Girls Club of Central Minnesota. This is a onetime appropriation. Of this amount:

(1) \$313,000 is to fund one year of free full-service programming for a new program in Waite Park that will employ part-time youth development staff and provide community volunteer opportunities for people of all ages. Career exploration and life skills programming will be a significant dimension of programming at this new site; and

(2) \$150,000 is for planning and design for a new multiuse facility for the Boys and Girls Club of Waite Park and other community partners, including the Waite Park Police Department and the Whitney Senior Center.

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

(w) \$1,000,000 the first year is for a grant to the Owatonna Area Chamber of Commerce Foundation for the Learn and Earn Initiative to help the Owatonna and Steele County region grow and retain a talented workforce. This is a onetime appropriation and is available until June 30, 2025. Of this amount:

(1) \$900,000 is to develop an advanced manufacturing career pathway program for youth and adult learners with shared learning spaces, state-of-the-art equipment, and instructional support to grow and retain talent in Owatonna; and

(2) \$100,000 is to create the Owatonna Opportunity scholarship model for the Learn and Earn Initiative for students and employers.

(x) \$250,000 each year from the workforce development fund is for a grant to the White Bear Center for the Arts for establishing a paid internship program for high school students to learn professional development skills through an arts perspective. This is a onetime appropriation.

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

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

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

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

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

(aa) \$1,500,000 each year from the workforce development fund is for a grant to Ujamaa Place to assist primarily African American men with job training, employment preparation, internships, education, vocational housing, and organizational capacity building. This is a onetime appropriation.

(bb) \$500,000 each year is for a grant to Comunidades Organizando el Poder y la Acción Latina (COPAL) for worker center programming that supports primarily low-income, migrant, and Latinx workers with career planning, workforce training and education, workers' rights advocacy, health resources and navigation, and wealth creation resources. This is a onetime appropriation.

(cc) \$2,000,000 each year is for a grant to Propel Nonprofits to provide capacity-building grants and related technical assistance to small, culturally specific organizations that primarily serve historically underserved cultural communities. Propel Nonprofits may only award grants to nonprofit organizations that have an annual organizational budget of less than \$1,000,000. These grants may be used for:

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

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

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

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

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

(ee) \$250,000 the first year is for a grant to the ProStart and Hospitality Tourism Management Program for a well-established, proven, and successful education program that helps young people advance careers in the hospitality industry and addresses critical long-term workforce shortages in that industry.

(ff) \$450,000 each year is for grants to Minnesota Diversified Industries to provide inclusive employment opportunities and services for people with disabilities. This is a onetime appropriation.

(gg) \$1,000,000 the first year is for a grant to Minnesota Diversified Industries to assist individuals with disabilities through the unified work model by offering virtual and in-person career skills classes augmented with virtual reality tools. Minnesota Diversified Industries shall submit a report on the number and demographics of individuals served, hours of career skills programming delivered, outreach to employers, and recommendations for future career skills delivery methods to the chairs and ranking minority members of the legislative committees with jurisdiction over labor and workforce development policy and finance by January 15, 2026. This is a onetime appropriation and is available until June 30, 2025.

(hh) \$1,264,000 each year is for a grant to Summit Academy OIC to expand employment placement, GED preparation and administration, and STEM programming in the Twin Cities, Saint Cloud, and Bemidji. This is a onetime appropriation.

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

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

(kk) \$350,000 the first year and \$25,000 the second year are for a grant to the University of Minnesota Tourism Center for the creation and operation of an online hospitality training program in partnership with Explore Minnesota Tourism. This training program must be made available at no cost to Minnesota residents in an effort to address critical workforce shortages in the hospitality and tourism industries and assist in career development. The base for this appropriation is \$25,000 in fiscal year 2026 and each year thereafter for ongoing system maintenance, management, and content updates.

(ll) \$3,000,000 the first year is for competitive grants to support high school robotics teams and prepare youth for careers in STEM fields. Of this amount, \$2,000,000 is for creating internships for high school students to work at private companies in STEM fields, including the payment of student stipends. This is a onetime appropriation and is available until June 30, 2028.

(mm) \$750,000 each year is for grants to the nonprofit Sanneh Foundation to fund out-of-school and summer programs focused on mentoring and behavioral, social, and emotional learning interventions and enrichment activities directed toward low-income students of color. This is a onetime appropriation and available until June 30, 2027.

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

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

(pp) \$300,000 each year is for a grant to All Square. The grant must be used to support the operations of All Square's Fellowship and Prison to Law Pipeline programs which operate in Minneapolis, St. Paul, and surrounding correctional facilities to assist incarcerated and formerly incarcerated Minnesotans in overcoming employment barriers that prevent economic and emotional freedom. This is a onetime appropriation.

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

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

(ss) \$3,000,000 each year is for a grant to Community Action Partnership of Hennepin County. This is a onetime appropriation. Of this amount:

(1) \$1,500,000 each year is for grants to 21 Days of Peace for social equity building and community engagement activities; and

(2) \$1,500,000 each year is for grants to A Mother's Love for community outreach, empowerment training, and employment and career exploration services.

(tt) \$750,000 each year is for a grant to Mind the G. A. P. P. (Gaining Assistance to Prosperity Program) to improve the quality of life of unemployed and underemployed individuals by improving their employment outcomes and developing individual earnings potential. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available in the second year.

(uu) \$550,000 each year is for a grant to the International Institute of Minnesota. Grant money must be used for workforce training for new Americans in industries in need of a trained workforce. This is a onetime appropriation.

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

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

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

(yy) \$275,000 each year is for a grant to Southeast Minnesota Workforce Development Area 8 and Workforce Development, Inc., to provide career planning, career pathway training and

education, wraparound support services, and job skills advancement in high-demand careers to individuals with barriers to employment in Steele County, and to help families build secure pathways out of poverty and address worker shortages in the Owatonna and Steele County area, as well as supporting Employer Outreach Services that provide solutions to workforce challenges and direct connections to workforce programming. Money may be used for program expenses, including but not limited to hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. Up to five percent of grant money may be used for Workforce Development, Inc.'s administrative costs. This is a onetime appropriation and is available until June 30, 2027.

(zz) \$589,000 the first year and \$588,000 the second year are for grants to the Black Women's Wealth Alliance to provide low-income individuals with job skills training, career counseling, and job placement assistance. This is a onetime appropriation.

(aaa) \$250,000 each year is for a grant to Abijahs on the Backside to provide equine experiential mental health therapy to first responders suffering from job-related trauma and post-traumatic stress disorder. For purposes of this paragraph, a "first responder" is a peace officer as defined in Minnesota Statutes, section 626.84, subdivision 1, paragraph (c); a full-time firefighter as defined in Minnesota Statutes, section 299N.03, subdivision 5; or a volunteer firefighter as defined in Minnesota Statutes, section 299N.03, subdivision 7.

Abijahs on the Backside must report to the commissioner of employment and economic development and the chairs and ranking minority members of the legislative committees with jurisdiction over employment and economic development policy and finance on the equine experiential mental health therapy provided to first responders under this paragraph. The report must include an overview of the program's budget, a detailed explanation of program expenditures, the number of first responders served by the program, and a list and explanation of the services provided to and benefits received by program participants. An initial report is due by January 15, 2024, and a final report is due by January 15, 2026. This is a onetime appropriation.

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

(ccc) \$500,000 each year is for a grant to Ramsey County for a technology training pathway program focused on intergenerational community tech work for residents who are at least 18 years old

and no more than 24 years old and whose household income is at or below 200 percent of the federal poverty level. Grant money may be used for program administration, training, training stipends, wages, and support services. This is a onetime appropriation and is available until December 31, 2027.

(ddd) \$200,000 each year is for a grant to Project Restore Minnesota for the Social Kitchen project, a pathway program for careers in the culinary arts. This is a onetime appropriation and is available until June 30, 2027.

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

(fff) \$1,200,000 each year is for a grant to Twin Cities R!SE. Of this amount, \$700,000 each year is for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to individuals facing barriers to employment; and \$500,000 each year is to increase the capacity of the Empowerment Institute through employer partnerships across Minnesota and expansion of the youth personal empowerment curriculum. This is a onetime appropriation and available until June 30, 2026.

(ggg) \$750,000 each year is for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, helping families build secure pathways out of poverty while also addressing worker shortages in one of Minnesota's most innovative industries. Grants may be used for program expenses, including but not limited to hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. In addition, up to five percent of grant money may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation.

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

(iii) \$3,000,000 each year is for a grant to Youthprise to provide economic development services designed to enhance long-term economic self-sufficiency in communities with concentrated

African populations statewide. ~~Of these amounts, 50 percent is for subgrants to Ka Joog and 50 percent is for competitive subgrants to community organizations by offering subgrants to community organizations.~~ This is a onetime appropriation and money is available until June 30, 2026.

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

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

(lll) \$425,000 each year is for a grant to Better Futures Minnesota to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. This is a onetime appropriation.

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

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

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

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

(ppp) \$500,000 each year is for a grant to Al Maa'uun, formerly the North at Work program, for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living wage employment. This is a onetime appropriation.

(qqq) \$500,000 each year is for a grant to CAIRO to provide workforce development services in health care, technology, and transportation (CDL) industries. This is a onetime appropriation.

(rrr) \$500,000 each year is for a grant to the Central Minnesota Community Empowerment Organization for providing services to relieve economic disparities in the African immigrant community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program. This is a onetime appropriation.

(sss) \$270,000 each year is for a grant to the Stairstep Foundation for community-based workforce development efforts. This is a onetime appropriation.

(ttt) \$400,000 each year is for a grant to Building Strong Communities, Inc, for a statewide apprenticeship readiness program to prepare women, BIPOC community members, and veterans to enter the building and construction trades. This is a onetime appropriation.

(uuu) \$150,000 each year is for prevailing wage staff under Minnesota Statutes, section 116J.871, subdivision 2.

(vvv) \$250,000 each year is for the purpose of awarding a grant to Minnesota Community of African People with Disabilities (MNCAPD), Roots Connect, and Fortune Relief and Youth Empowerment Organization (FRAYEO). This is a onetime appropriation. MNCAPD, Roots Connect, and FRAYEO must use grant proceeds to provide funding for workforce development activities for at-risk youth from low-income families and unengaged young adults experiencing disabilities, including:

(1) job readiness training for at-risk youth, including resume building, interview skills, and job search strategies;

(2) on-the-job training opportunities with local businesses;

(3) support services such as transportation assistance and child care to help youth attend job training programs; and

(4) mentorship and networking opportunities to connect youth with professionals in the youth's desired fields.

(www)(1) \$250,000 each year is for a grant to Greater Rochester Advocates for Universities and Colleges (GRAUC), a collaborative organization representing health care, business, workforce development, and higher education institutions, for expenses relating to starting up a state-of-the-art simulation center for training health care workers in southeast Minnesota. Once

established, this center must be self-sustaining through user fees. Eligible expenses include leasing costs, developing and providing training, and operational costs. This is a onetime appropriation.

(2) By January 15, 2025, GRAUC must submit a report, including an independent financial audit of the use of grant money, to the chairs and ranking minority members of the legislative committees having jurisdiction over higher education and economic development. This report must include details on the training provided at the simulation center, including the names of all organizations that use the center for training, the number of individuals each organization trained, and the type of training provided.

(xxx)(1) \$350,000 each year is for a grant to the Minnesota Association of Black Lawyers for a pilot program supporting black undergraduate students pursuing admission to law school. This is a onetime appropriation.

(2) The program must:

(i) enroll an initial cohort of ten to 20 black Minnesota resident students attending a baccalaureate degree-granting postsecondary institution in Minnesota full time;

(ii) support each of the program's students with an academic scholarship in the amount of \$4,000 per academic year;

(iii) organize events and programming, including but not limited to one-on-one mentoring, to familiarize enrolled students with law school and legal careers; and

(iv) provide the program's students free test preparation materials, academic support, and registration for the Law School Admission Test (LSAT) examination.

(3) The Minnesota Association of Black Lawyers may use grant funds under clause (1) for costs related to:

(i) student scholarships;

(ii) academic events and programming, including food and transportation costs for students;

(iii) LSAT preparation materials, courses, and registrations; and

(iv) hiring staff for the program.

(4) By January 30, 2024, and again by January 30, 2025, the Minnesota Association of Black Lawyers must submit a report to the commissioner and to the chairs and ranking minority members

of legislative committees with jurisdiction over workforce development finance and policy and higher education finance and policy. The report must include an accurate and detailed account of the pilot program, its outcomes, and its revenues and expenses, including the use of all state funds appropriated in clause (1).

(yyy) \$2,000,000 the first year is for a grant to the Power of People Leadership Institute (POPLI) to expand pre- and post-release personal development and leadership training and community reintegration services, to reduce recidivism, and increase access to employment. This is a onetime appropriation and is available until June 30, 2025.

(zzz) \$500,000 the first year is to the Legislative Coordinating Commission for the Working Group on Youth Interventions. This is a onetime appropriation.

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

Sec. 3. Laws 2023, chapter 53, article 21, section 7, as amended by Laws 2024, chapter 120, article 1, section 12; and Laws 2024, chapter 125, article 8, section 9, is amended to read:

Sec. 7. **APPROPRIATIONS.**

(a) \$50,000,000 in fiscal year 2024 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development ~~for providing businesses with matching funds required by federal programs.~~ Money awarded under this program is made retroactive to February 1, 2023, for applications and projects. The commissioner may use up to two percent of this appropriation for administration. This is a onetime appropriation and is available until ~~June 30, 2027~~ spent. ~~Any funds that remain unspent are canceled to the general fund.~~

(b) \$100,000,000 in fiscal year 2024 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development to match existing federal funds made available in the Consolidated Appropriations Act, Public Law 117-328. This appropriation must be used to (1) construct and operate a bioindustrial manufacturing pilot innovation facility, biorefinery, or commercial campus utilizing agricultural feedstocks or (2) for a Minnesota aerospace center for research, development, and testing, or both (1) and (2). This appropriation is not subject to the grant limit requirements of Minnesota Statutes, section 116J.8752, subdivisions 4, paragraph (b), and 5. Notwithstanding Minnesota Statutes, section 116J.8752, subdivision 4, paragraph (a), this appropriation may include land acquisition as an eligible use to construct a bioindustrial manufacturing pilot innovation facility, a biorefinery, and an aerospace center for research, development, and testing. The commissioner may use up to two percent of this appropriation for administration. This is a onetime appropriation and is available until ~~June 30, 2027~~ spent. ~~Any funds that remain unspent are canceled to the general fund.~~

(c) \$240,000,000 in fiscal year 2024 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development to match federal funds made available in the Chips and Science Act, Public Law 117-167. Money awarded under this program is made retroactive to February 1, 2023, for applications and projects. This appropriation is not subject to Minnesota Statutes, section 116J.8752, subdivision 5. The commissioner may use up two percent for administration. This is a onetime appropriation and is available until ~~June 30, 2027~~ spent. ~~Any funds that remain unspent are canceled to the general fund.~~

(d) The commissioner may use the appropriation under paragraph (c) to allocate up to 15 percent of the total project cost with a maximum of \$75,000,000 per project for the purpose of constructing, modernizing, or expanding commercial facilities on the front- and back-end fabrication of leading-edge, current-generation, and mature-node semiconductors; funding semiconductor materials and manufacturing equipment facilities; and for research and development facilities.

(e) The commissioner may use the appropriation under paragraph (c) to award:

(1) grants to institutions of higher education for developing and deploying training programs and to build pipelines to serve the needs of industry; and

(2) grants to increase the capacity of institutions of higher education to serve industrial requirements for research and development that coincide with current and future requirements of projects eligible under this section. Grant money may be used to construct and equip facilities that serve the purpose of the industry. The maximum grant award per institution of higher education under this section is \$5,000,000 and may not represent more than 50 percent of the total project funding from other sources. Use of this funding must be supported by businesses receiving funds under clause (1).

(f) Money appropriated in paragraphs (a), (b), and (c) may be transferred between appropriations within the Minnesota forward fund account by the commissioner of employment and economic development with approval of the commissioner of management and budget. The commissioner must notify the Legislative Advisory Commission at least 15 days prior to changing appropriations under this paragraph.

Sec. 4. Laws 2023, chapter 64, article 15, section 30, is amended to read:

Sec. 30. APPROPRIATION; CITY OF MINNEAPOLIS; GRANT.

(a) \$10,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of employment and economic development for a grant to the city of Minneapolis. This is a onetime appropriation. ~~The grant must be paid by July 15, 2023.~~ The city of Minneapolis may use up to one percent of the grant for administrative costs. This appropriation is available until June 30, 2027.

(b) Of the amount granted to the city of Minneapolis under paragraph (a), \$8,000,000 must be used for a grant to a foundation that provides business advising, branding and marketing support, and real estate consulting to businesses located on Lake Street in Minneapolis, between 30th Avenue South and Nicollet Avenue. The organization must use the funds for direct business support or direct corridor support, including assistance with marketing, placemaking, and public relations services.

(c) Of the amount granted to the city of Minneapolis under paragraph (a), \$2,000,000 must be used for property acquisition in the city of Minneapolis at 1860 28th Street East and 2717 Longfellow Avenue.

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

Sec. 5. Laws 2024, chapter 120, article 1, section 2, subdivision 3, is amended to read:

Subd. 3. Employment and Training Programs	\$-0-	\$12,207,000
Appropriations by Fund		
	2024	2025
General	-0-	50,000
Workforce Development	-0-	12,157,000

(a) \$400,000 the second year is from the workforce development fund for a grant to Sabathani Community Center for specialized community outreach and engagement, a marketing and communication plan, program evaluation, personal empowerment training for men, empowerment and truancy curriculum for youth, wellness training for seniors, a workforce strategies mentorship and jobs training program, a 15-passenger van, and service kiosks for the Sabathani Community Center, including a onetime paid internship to support these programs. This is a onetime appropriation.

(b) \$700,000 the second year is from the workforce development fund for a grant to the Shakopee Chamber Foundation for the Shakopee area workforce development scholarship pilot program. This is a onetime appropriation and is available until June 30, 2027. The commissioner of employment and economic development may enter into an interagency agreement with the Office of Higher Education, including agreements to transfer funds and to administer the program.

(c) \$100,000 the second year is from the workforce development fund for a grant to Inspire Change Clinic for their health care fellowship program designed to create pathways to medicine for high school and college students interested in pursuing a career in the health care workforce. The health care fellowship program is intended to remove barriers for minority students, foster inclusivity and diversity in the health care sector, and provide valuable opportunities for students, including mentorship programs, access to renowned health institutions in the state of Minnesota, and hands-on work experience. In addition to the reporting requirements in section 14, the commissioner must include the number of participants served by the grant and provide information about program outcomes. This is a onetime appropriation.

(d) \$250,000 the second year is from the workforce development fund for a grant to Bolder Options Youth Mentoring Program to provide disadvantaged youth ages 12 to 22 with intensive one-to-one wellness, goal-setting, and academic-focused mentorship; programming that teaches life and job-seeking skills; career and college achievement coaches; and connections to employment, job training, and education opportunities. The grant must serve youth in the Bolder Options program in the Twin Cities and the city of Rochester. In addition to the reporting requirements in section 14, the commissioner must include the number of participants served by the grant. This is a onetime appropriation.

(e) \$1,000,000 the second year is from the workforce development fund for a grant to Change Starts With Community for a violence prevention program. Grant money must be used to establish a comprehensive workforce development initiative, specifically tailored for at-risk youth and adults, located on site at Shiloh Cares Food Shelf in the city of Minneapolis. This is a onetime appropriation.

(f) \$100,000 the second year is from the workforce development fund for a grant to InspireMSP to develop programming to assist middle school-aged children in Minneapolis and St. Paul to develop an interest in and connect with the creative industry in Minnesota. Money must be used for program development and career exploration in the creative industry for historically excluded youth by providing access to essential resources, networks, and hands-on experience. This is a onetime appropriation.

(g) \$100,000 the second year is from the workforce development fund for a grant to Lake County Ambulance Service to establish a training program for Cook County and Lake County high school students interested in pursuing careers as emergency medical technicians. This is a onetime appropriation.

(h) \$350,000 the second year is from the workforce development fund for a grant to the city of Austin to develop and implement training programs for water operators and wastewater operators. Riverland Community College must offer the training programs. This is a onetime appropriation and is available until June 30, 2027. Of this amount, the city of Austin may use up to five percent for administration of the program. The commissioner must provide an annual report by January 5 of each year until January 5, 2028, regarding the use of grant funds under this paragraph to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development and higher education. The report must include the number of students enrolled and number of students who have completed courses funded by this appropriation.

(i) \$250,000 the second year is from the workforce development fund for a grant to the Greater Minneapolis Council of Churches for a STEM training and career preparation program targeted at the needs of BIPOC youth. The program shall serve youth who are at least 11 years of age and less than 24 years of age and shall provide career training, job skills development, mentorship, and employment opportunities. This is a onetime appropriation and is available until June 30, 2027.

(j) \$200,000 the second year is from the workforce development fund and is for a grant to the Jobs Foundation for direct training, support services, safety enhancements, and economic support for formerly incarcerated individuals participating in the Repowered work readiness program. This is a onetime appropriation.

(k) \$100,000 the second year is from the workforce development fund for a grant to the North Minneapolis Pet Resource Center, also known as Mypitbullisfamilycom. Inc, Community Animal Medicine Professionals (CAMP) program to provide training, professional development workshops, mentorship and leadership programs, and develop recruitment and retention strategies. This is a onetime appropriation.

(l) \$1,000,000 the second year is from the workforce development fund and is for a grant to African Immigrants Community Services for workforce development for new Americans. This is a onetime appropriation.

(m) \$1,000,000 the second year is from the workforce development fund and is for a grant to WomenVenture for supporting child care providers by providing business training, mentorship, services, and educational materials, by facilitating shared administrative staff and pooled management of services such as banking and payroll, by providing child care management software and software training, and by distributing subgrants and loans, which may be forgivable at WomenVenture's discretion. This is a onetime appropriation and is available until June 30, 2027.

(n) \$1,000,000 the second year is from the workforce development fund and is for a grant to the Black Chamber of Commerce for technical support to Black-owned small businesses, for implementing initiatives to address barriers facing the Black business community, and for networking, mentorship, and training programs. This is a onetime appropriation and is available until June 30, 2027.

(o) \$250,000 the second year is from the workforce development fund and is for a grant to the Karen Organization of Minnesota for job training and financial support and incentives for job training participants. This is a onetime appropriation.

(p) \$100,000 the second year is from the workforce development fund and is for a grant to Indigenous Roots for soft skills training and career readiness training for youth. This is a onetime appropriation.

(q) \$100,000 the second year is from the workforce development fund and is for a grant to Ramsey County for a subgrant with People in Action to provide workforce development programming. This amount is available until June 30, 2026, and 40 percent of the amount must be expended within the city of St. Paul. Grants provided by People in Action must be awarded through at least two requests for proposals. This is a onetime appropriation.

(r) \$500,000 the second year is from the workforce development fund and is for a grant to the Metro Youth Diversion Center to support its Youth-Care Assessment and Readiness Education program to enhance workforce development opportunities for youth with a focus on underrepresented East African students. This is a onetime appropriation.

(s) \$174,000 the second year is from the workforce development fund and is for a grant to Independent School District No. 709, Duluth, for a software subscription to facilitate the career planning of students. This is a onetime appropriation.

(t) \$171,000 the second year is from the workforce development fund and is for a grant to Independent School District No. 704, Proctor, to develop a regional career and technical education program to serve Independent School District No. 704, Proctor, Independent School District No. 700, Hermantown, and Independent School District No. 99, Esko. This is a onetime appropriation.

(u) \$1,000,000 the second year is from the workforce development fund and is for a grant to the city of Brooklyn Park for the Brooklyn Park Small Business Center and for the city to expand the workforce development programming of Brooklyn Park and Brooklyn Center through workforce development programs serving primarily underrepresented populations, including such programs as Brooklynk, Career Pathways, Youth Entrepreneurship, and Community Partnership. This is a onetime appropriation and is available until June 30, 2027.

(v) \$500,000 the second year is from the workforce development fund and is for a grant to Riverside Plaza Tenant Association to address employment, economic, and technology access disparities for low-income unemployed or underemployed individuals through training in health care, technology, and construction or skilled trades industries. This is a onetime appropriation.

(w) \$300,000 the second year is from the workforce development fund and is for a grant to African Career, Education, and Resources, Inc., to develop a program for health care skills training and computer skills training in collaboration with the Organization of Liberians in Minnesota. This is a onetime appropriation.

(x) \$75,000 the second year is from the workforce development fund and is for a grant to Equitable Development Action for it to fund programs and provide technical assistance to underserved businesses. This is a onetime appropriation.

(y) \$50,000 the second year is from the workforce development fund and is for a grant to HIRPHA International for use on youth apprenticeships, entrepreneurship training, computer skills, and work readiness training. This is a onetime appropriation.

(z) \$200,000 the second year is from the workforce development fund and is for a grant to YWCA St. Paul for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living wage employment. This is a onetime appropriation.

(aa) \$50,000 the second year is from the workforce development fund and is for a grant to United Senior Lao American Association to provide job and skills training for an underserved population. This is a onetime appropriation.

(bb) \$100,000 the second year is from the workforce development fund and is for a grant to Hmong American Farmers Association for workforce readiness, employment exploration, and skills development. This is a onetime appropriation.

(cc) \$240,000 the second year is from the workforce development fund and is for a grant to MN Zej Zog for workforce readiness, employment exploration, and skills development. This is a onetime appropriation.

(dd) \$100,000 the second year is from the workforce development fund and is for a grant to Ramsey County for a Justice Impact Navigator to support Ramsey County residents who have a justice impact or who are reentering the community after incarceration to connect to resources with a focus on employment and training supports. Funds must be used for a navigator pilot and other administrative expenses such as outreach, marketing, and resources for residents. This is a onetime appropriation.

(ee) \$100,000 the second year is from the workforce development fund and is for a grant to Ramsey County for a Digital Equity Specialist to support Ramsey County residents with digital literacy resources and skills to connect to employment and training supports. Funds must be used for a digital navigator pilot serving in Ramsey County Career Labs and community-based locations and other administrative expenses, such as outreach, marketing, and resources for residents. This is a onetime appropriation.

(ff) \$100,000 the second year is from the workforce development fund for a grant to Film North to attract a film festival. This is a onetime appropriation. The commissioner of employment and economic development may enter into an interagency agreement with Explore Minnesota, including agreements to transfer funds and administer the grant.

(gg) \$400,000 the second year is from the workforce development fund for a grant to the Twin Cities Urban League for support, capacity building, and expansion of the Work Readiness Program. This is a onetime appropriation.

(hh) \$500,000 the second year is from the workforce development fund for a grant to Arrowhead Opportunity Agency for the purposes of expanding workforce development opportunities ~~in the region~~ through the creation of a regional hub building where services can be provided. Money may be used for the costs of acquiring and refurbishing a building to serve as the hub. This is a onetime appropriation and is available until June 30, 2026.

(ii) \$597,000 the second year is from the workforce development fund for a grant to the Minneapolis Downtown Council for infrastructure and associated costs for the Taste of Minnesota

event, including but not limited to buildout, permits, garbage services, staffing, security, equipment rentals, signage, and insurance. This is a onetime appropriation. The commissioner of employment and economic development may enter into an interagency agreement with Explore Minnesota, including agreements to transfer funds and administer the grant.

(jj) \$50,000 the second year is from the general fund for a grant to Block Builders Foundation. This appropriation must be used for programming targeted toward at-risk youth coaching, financial literacy education, juvenile offender diversion programming, and community outreach. This is a onetime appropriation.

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

Sec. 6. Laws 2024, chapter 120, article 1, section 4, is amended to read:

Sec. 4. **EXPLORE MINNESOTA**

\$-0-

\$4,475,000

(a) \$825,000 the second year is for Explore Minnesota Film. This appropriation is added to the Explore MN base in fiscal year 2026 and each year thereafter.

(b) \$400,000 the second year is for ~~a grant to Ka Joog for~~ Somali community and cultural festivals and events, including festivals and events in greater Minnesota. This is a onetime appropriation and is available until June 30, 2026.

(c) \$2,000,000 the second year is for a grant to the 2026 Special Olympics USA Games to expend on providing food and housing to 2026 Special Olympics USA Games athletes. This is a onetime appropriation.

(d) \$1,250,000 the second year is for a grant to the Minneapolis Downtown Council for infrastructure and associated costs for the Taste of Minnesota event, including but not limited to buildout, permits, garbage services, staffing, security, equipment rentals, signage, and insurance. This is a onetime appropriation.

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

Sec. 7. Laws 2024, chapter 127, article 14, section 3, is amended to read:

Sec. 3. **DEPARTMENT OF LABOR AND INDUSTRY**

\$-0-

\$225,000

This appropriation is for the single-egress stairway apartment building report under article 15, section 46. This is a onetime appropriation and is available until June 30, 2026.

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

Sec. 8. **APPROPRIATION CANCELLATION; JOB CREATION FUND.**

\$3,000,000 of the appropriation in fiscal year 2025 from the general fund as appropriated under Laws 2023, chapter 53, article 20, section 2, subdivision 2, paragraph (q), is canceled to the general fund. This is a onetime cancellation.

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

Sec. 9. **REPEALER.**

Laws 2024, chapter 120, article 1, section 13, is repealed retroactively from July 1, 2024.

ARTICLE 3
DEED POLICY

Section 1. Minnesota Statutes 2024, section 116J.431, subdivision 2, is amended to read:

Subd. 2. **Eligible projects.** (a) An economic development project for which a county or city may be eligible to receive a grant under this section includes:

(1) manufacturing;

(2) technology;

(3) warehousing and distribution;

(4) research and development;

(5) agricultural processing, defined as transforming, packaging, sorting, or grading livestock or livestock products or plants and plant-based products into goods that are used for intermediate or final consumption, including goods for nonfood use; or

(6) industrial park development that would be used by any other business listed in this subdivision even if no business has committed to locate in the industrial park at the time the grant application is made.

(b) Up to 15 percent of the development of a project may be for a purpose that is not included under this subdivision as an eligible project. A city or county must provide notice to the commissioner for the commissioner's approval of the proposed project.

Sec. 2. Minnesota Statutes 2024, section 116J.8733, subdivision 4, is amended to read:

Subd. 4. **Revolving loan fund Minnesota expanding opportunity account.** ~~(a) The commissioner shall establish a revolving loan fund to make loans to nonprofit corporations, Tribal economic development entities, and community development financial institutions for the purpose of increasing nonprofit corporation, Tribal economic development entity, and community development financial institution capital and lending activities with Minnesota small businesses.~~ A Minnesota expanding opportunity account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for revolving loans to nonprofit corporations for the purpose of increasing nonprofit corporation capital and lending activities with Minnesota small businesses.

(b) Nonprofit corporations, ~~Tribal economic development entities, and community development financial institutions~~ that receive loans from the commissioner under the program must establish appropriate accounting practices for the purpose of tracking eligible loans.

(c) All loan repayments must be paid into the Minnesota expanding opportunity account created in this section to fund additional loans.

Sec. 3. Minnesota Statutes 2024, section 116J.8752, subdivision 2, is amended to read:

Subd. 2. **Purpose.** The Minnesota forward fund account is created to increase the state's competitiveness by providing the state the authority and flexibility to facilitate private investment. The fund serves as a closing fund to allow the authority and flexibility to negotiate incentives to better compete with other states for business retention, expansion and attraction of projects in existing and new industries, and develop properties for business use, ~~and leverage to meet matching requirements of federal funding~~ for resiliency in economic security and economic enhancement opportunities that provide the public high-quality employment opportunities.

Sec. 4. Minnesota Statutes 2024, section 116L.03, subdivision 2, is amended to read:

Subd. 2. **Appointment.** The Minnesota Job Skills Partnership Board consists of: seven members appointed by the governor, the commissioner of employment and economic development or the commissioner's designee, the chancellor, or the chancellor's designee, of the Minnesota State Colleges and Universities, the president, or the president's designee, of the University of Minnesota, and two nonlegislator members, one appointed by the Subcommittee on Committees of the senate Committee on Rules and Administration and one appointed by the speaker of the house. If the chancellor or the president of the university makes a designation under this subdivision, the designee must have experience in technical education. Four of the appointed members must be members of the governor's Workforce Development Board, of whom two must represent organized labor and two must represent business and industry. One of the appointed members must be a representative of a nonprofit organization that provides workforce development or job training services.

Sec. 5. Minnesota Statutes 2024, section 116L.04, subdivision 1, is amended to read:

Subdivision 1. **Partnership program.** (a) The partnership program may provide grants-in-aid to educational or other nonprofit educational institutions using the following guidelines:

(1) the educational or other nonprofit educational institution is a provider of training within the state in either the public or private sector;

(2) the program involves skills training that is an area of employment need; and

(3) preference will be given to educational or other nonprofit training institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.

(b) A single grant to any one institution shall not exceed ~~\$400,000~~ \$500,000. A portion of a grant may be used for preemployment training.

(c) Each institution must provide for the dissemination of summary results of a grant-funded project, including, but not limited to, information about curriculum and all supporting materials developed in conjunction with the grant. Results of projects developed by any Minnesota State Colleges and Universities system institution must be disseminated throughout the system.

(d) At the discretion of the board, higher education institutions may charge up to a 15-percent increase on the direct project costs, not including equipment costs.

Sec. 6. Minnesota Statutes 2024, section 116L.04, subdivision 1a, is amended to read:

Subd. 1a. **Pathways program.** (a) The pathways program may provide grants-in-aid for developing programs which assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines. The program is to be operated by the board. The board shall consult and coordinate with program administrators at the Department of Employment and Economic Development to design and provide services for temporary assistance for needy families recipients.

(b) Pathways grants-in-aid may be awarded to educational or other nonprofit training institutions or to workforce development intermediaries for education and training programs and services supporting education and training programs that serve eligible recipients.

Preference shall be given to projects that:

- (1) provide employment with benefits paid to employees;
- (2) provide employment where there are defined career paths for trainees;
- (3) pilot the development of an educational pathway that can be used on a continuing basis for transitioning persons from welfare to work; and
- (4) demonstrate the active participation of Department of Employment and Economic Development workforce centers, Minnesota State College and University institutions and other educational institutions, and local welfare agencies.

(c) Pathways projects must demonstrate the active involvement and financial commitment of a participating business. Pathways projects must be matched with cash or in-kind contributions on at least a one-half-to-one ratio by a participating business.

(d) A single grant to any one institution shall not exceed ~~\$400,000~~ \$500,000. A portion of a grant may be used for preemployment training.

(e) At the discretion of the board, higher education institutions may charge up to a 15-percent increase on the direct project costs, not including equipment costs.

Sec. 7. Minnesota Statutes 2024, section 116L.05, subdivision 5, is amended to read:

Subd. 5. **Use of workforce development funds.** After ~~March~~ September 1 of any fiscal year, the board may use workforce development funds for the purposes outlined in sections 116L.02 and 116L.04, or to provide incumbent worker training services under section 116L.18 if the following conditions have been met:

- (1) the board examines relevant economic indicators, including the projected number of layoffs for the remainder of the fiscal year and the next fiscal year, evidence of declining and expanding industries, the number of initial applications for and the number of exhaustions of unemployment benefits, job vacancy data, and any additional relevant information brought to the board's attention;
- (2) the board accounts for all allocations made in section 116L.17, subdivision 2;
- (3) based on the past expenditures and projected revenue, the board estimates future funding needs for services under section 116L.17 for the remainder of the current fiscal year and the next fiscal year;

(4) the board determines there will be unspent funds after meeting the needs of dislocated workers in the current fiscal year and there will be sufficient revenue to meet the needs of dislocated workers in the next fiscal year; and

(5) the board reports its findings in clauses (1) to (4) to the chairs of legislative committees with jurisdiction over the workforce development fund, to the commissioners of revenue and management and budget, and to the public.

Sec. 8. Minnesota Statutes 2024, section 116L.562, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The commissioner shall award grants to eligible organizations for the purpose of providing workforce development and training opportunities or preemployment services and mentorship opportunities to economically disadvantaged or at-risk youth ages 14 to 24.

Sec. 9. Minnesota Statutes 2024, section 116L.562, subdivision 3, is amended to read:

Subd. 3. **Competitive grant awards.** (a) In awarding competitive grants, priority shall be given to programs that:

(1) provide students with information about education and training requirements for careers in high-growth, in-demand occupations;

(2) serve youth from communities of color who are underrepresented in the workforce; or

(3) serve youth with disabilities.

(b) Eligible organizations must have demonstrated effectiveness in administering youth ~~workforce~~ programs and must leverage nonstate or private sector funds.

(c) New eligible applicants must be youth-serving organizations with significant capacity and demonstrable youth development experience and outcomes to operate ~~a youth workforce development~~ an eligible project.

(d) If a program is not operated by a local unit of government or a workforce development board, the grant recipient must coordinate the program with the local workforce development board.

Sec. 10. Minnesota Statutes 2024, section 116L.98, subdivision 2, is amended to read:

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

(b) "Credential" means ~~postsecondary~~ degrees, diplomas, licenses, and certificates awarded in recognition of an individual's attainment of measurable technical or occupational skills necessary to obtain employment or advance with an occupation. This definition does not include certificates awarded by workforce investment boards or work-readiness certificates.

(c) "Exit" means to have not received service under a workforce program for 90 consecutive calendar days. The exit date is the last date of service.

(d) "Net impact" means the use of matched control groups and regression analysis to estimate the impacts attributable to program participation net of other factors, including observable personal characteristics and economic conditions.

(e) "Pre-enrollment" means the period of time before an individual was enrolled in a workforce program.

Sec. 11. Minnesota Statutes 2024, section 116U.05, is amended to read:

116U.05 EXPLORE MINNESOTA; ESTABLISHMENT.

Explore Minnesota is an office in the executive branch with a director appointed by the governor. The director is under the supervision of the commissioner of employment and economic development and oversees Explore Minnesota Tourism ~~and~~, Explore Minnesota for Business, and Explore Minnesota Film divisions. The director serves in the unclassified service and must be qualified by experience and training in related fields.

Sec. 12. Minnesota Statutes 2024, section 116U.06, is amended to read:

116U.06 EXPLORE MINNESOTA TOURISM.

Explore Minnesota Tourism ~~is a division of Explore Minnesota and~~ exists to support Minnesota's economy through promotion and facilitation of travel to and within the state of Minnesota.

Sec. 13. Minnesota Statutes 2024, section 116U.15, is amended to read:

116U.15 MISSION.

(a) The mission of Explore Minnesota is to ~~promote and facilitate increased travel to and within the state of Minnesota, promote overall livability, and promote workforce and economic opportunity in Minnesota~~ support the growth of Minnesota's economy through the management of the state's tourism, livability and economic opportunity, outdoor recreation, film, and other statewide promotion efforts as directed. To further the mission of Explore Minnesota, the office is advised by various advisory ~~councils focused on tourism and talent attraction and business marketing.~~ Its goals are to:

(1) expand public and private partnerships through increased interagency efforts and increased tourism and business industry participation;

(2) increase productivity through enhanced flexibility and options; and

(3) use innovative fiscal and human resource practices to manage the state's resources and operate the office as efficiently as possible.

(b) The director shall report to the legislature on the performance of the office's operations and the accomplishment of its goals in the office's biennial budget according to section 16A.10, subdivision 1.

Sec. 14. Minnesota Statutes 2024, section 116U.30, is amended to read:

116U.30 DUTIES OF DIRECTOR.

(a) The director shall:

(1) publish, disseminate, and distribute informational and promotional materials;

(2) ~~promote and encourage the coordination of Explore Minnesota travel, tourism, overall livability, and workforce and economic opportunity~~ promotion efforts with other state agencies and develop multiagency marketing strategies when appropriate;

(3) promote and encourage the expansion and development of ~~international tourism, trade, and Minnesota livability marketing~~ programs that support the mission of the office;

(4) advertise and disseminate information about ~~Minnesota travel, tourism, and workforce and economic development opportunities~~ Explore Minnesota and its activities that support the mission of the office;

(5) ~~aid various~~ provide local communities a reasonable level of support to improve their ~~travel, tourism, and overall livability~~ marketing programs as they relate to the mission of the office;

(6) coordinate and implement comprehensive state ~~travel, tourism, workforce and economic development, and overall livability~~ mission-driven marketing programs that take into consideration public and private businesses and attractions;

(7) contract, in accordance with section 16C.08, for professional services if the work or services cannot be satisfactorily performed by employees of the agency or by any other state agency;

(8) provide local, regional, and statewide organizations with information, ~~technical assistance~~ educational opportunities, training, and advice on ~~using state tourism and livability information and~~ promotional programs related to the office's mission; and

(9) generally gather, compile, and make available statistical information relating to ~~Minnesota travel, tourism, workforce and economic development, overall livability, and related areas in this state~~ the office's mission. The director has the authority to call upon other state agencies for statistical data and results obtained by them and to arrange and compile that statistical information.

(b) The director may:

(1) apply for, receive, and spend money ~~for travel, tourism, workforce and economic development, and overall livability development and marketing,~~ as it relates to the mission of the office, from other agencies, organizations, and businesses;

(2) apply for, accept, and disburse grants and other aids for ~~tourism~~ development and marketing from the federal government and other sources;

(3) enter into joint powers or cooperative agreements with agencies of the federal government, local governmental units, regional development commissions, other state agencies, the University of Minnesota and other educational institutions, other states, Canadian provinces, and local, statewide, and regional organizations as necessary to perform the director's duties;

(4) enter into interagency agreements and agree to share net revenues with the contributing agencies;

(5) make grants;

(6) conduct market research and analysis to improve marketing techniques ~~in the area of travel, tourism, workforce and economic development, and overall livability;~~

(7) monitor and study trends in the related industries and provide resources and training to address change;

(8) annually convene conferences of Minnesota providers for the purposes of exchanging information on tourism development, coordinating marketing activities, and formulating ~~tourism, overall livability, and workforce and economic opportunity~~ mission-related promotion development strategies; and

(9) enter into promotion contracts or other agreements with private persons and public entities, including agreements to establish and maintain offices and other types of representation in foreign countries to promote international travel and to implement this chapter.

(c) Contracts for goods and ~~nonprofessional services and professional~~ technical services made under paragraph (b), clauses (3) and (9), are not subject to the provisions of sections 16C.03, subdivision 3, and 16C.06 concerning competitive bidding and section 16C.055 concerning barter arrangements. Professional technical service contracts that promote Minnesota as a tourism travel destination or a talent attraction may be negotiated and are not subject to the provisions of chapter 16C relating to competitive bidding.

Sec. 15. Minnesota Statutes 2024, section 116U.35, is amended to read:

116U.35 PROMOTIONAL EXPENSES.

To promote ~~travel, tourism, workforce and economic development, and overall livability of the state~~ programs that align with Explore Minnesota's mission, the director may expend money appropriated by the legislature for these purposes in the same manner as private persons, firms, corporations, and associations make expenditures for these purposes. Policies on promotional expenses must be approved by the commissioner of administration. A policy for expenditures on food, lodging, and travel must be approved by the commissioner of management and budget. No money may be expended for the appearance in radio or television broadcasts by an elected public official.

Sec. 16. Minnesota Statutes 2024, section 248.07, subdivision 7, is amended to read:

Subd. 7. **Blind, vending ~~stands and machines~~ facilities on governmental property; liability limited.** (a) Notwithstanding any other law, for the rehabilitation of blind persons the commissioner shall have exclusive authority to establish and to operate vending ~~stands and vending machines~~ facilities in all buildings and properties owned or rented exclusively by the Minnesota State Colleges and Universities at a state university, a community college, a consolidated community technical college, or a technical college served by the commissioner before January 1, 1996, or by any department or agency of the state of Minnesota except the Department of Natural Resources properties operated directly by the Division of State Parks and not subject to private leasing. Vending ~~stands and machines~~ facilities authorized under this subdivision may dispense nonalcoholic beverages, food, candies, tobacco, souvenirs, notions, and related items and must be operated on the same basis as other vending ~~stands~~ facilities for the blind established and supervised by the commissioner under federal law. The commissioner shall waive this authority to displace any present private individual concessionaire in any state-owned or rented building or property who is operating under a contract with a specific renewal or termination date, until the renewal or termination date. With the consent of the governing body of a governmental subdivision of the state, the commissioner may establish and supervise vending ~~stands and vending machines~~ facilities for the blind in any building or property exclusively owned or rented by the governmental subdivision.

(b) The Department of Employment and Economic Development is not liable under chapter 176 for any injury sustained by a blind vendor's employee or agent. The Department of Employment and Economic Development, its officers, and its agents are not liable for the acts or omissions of a blind vendor or of a blind vendor's employee or agent that may result in the blind vendor's liability to third parties. The Department of Employment and Economic Development, its officers, and its agents are not liable for negligence based on any theory of liability for claims arising from the relationship created under this subdivision with the blind vendor.

Sec. 17. Minnesota Statutes 2024, section 248.07, subdivision 8, is amended to read:

Subd. 8. **Use of revolving fund, licenses for operation of vending ~~stands~~ facilities.** (a) The revolving fund created by Laws 1947, chapter 535, section 5, is continued as provided in this subdivision and shall be known as the revolving fund for vocational rehabilitation of the blind. It shall be used for the purchase of equipment and supplies

for establishing and operating of vending ~~stands~~ facilities by blind persons. All income, receipts, earnings, and federal vending ~~machine facility~~ income due to the operation of vending ~~stands~~ facilities operated under this subdivision shall also be paid into the fund. All interest earned on money accrued in the fund must be credited to the fund by the commissioner of management and budget. All equipment, supplies, and expenses for setting up these ~~stands~~ facilities shall be paid for from the fund.

(b) The commissioner is authorized to use the money available in the revolving fund that originated as operational charges to individuals licensed under this subdivision for the establishment, operation, and supervision of vending ~~stands~~ facilities by blind persons for the following purposes:

(1) purchase, upkeep and replacement of equipment;

(2) expenses incidental to the setting up of new ~~stands~~ facilities and improvement of old ~~stands~~ facilities;

(3) reimbursement under section 15.059 to individual blind vending operators for reasonable expenses incurred in attending supervisory meetings as called by the commissioner and other expenditures for management services consistent with federal law; and

(4) purchase of fringe benefits for blind vending operators and their employees such as group health insurance, retirement program, vacation or sick leave assistance provided that the purchase of any fringe benefit is approved by a majority vote of blind vending operators licensed pursuant to this subdivision after the commissioner provides to each blind vending operator information on all matters relevant to the fringe benefits. "Majority vote" means a majority of blind vending operators voting. Fringe benefits shall be paid only from assessments of operators for specific benefits, gifts to the fund for fringe benefit purposes, and vending income which is not assignable to an individual ~~stand~~ facility.

(c) Money originally deposited as merchandise and supplies repayments by individuals licensed under this subdivision may be expended for initial and replacement stocks of supplies and merchandise. Money originally deposited from vending income on federal property must be spent consistent with federal law.

(d) All other deposits may be used for the purchase of general liability insurance or any other expense related to the operation and supervision of vending ~~stands~~ facilities.

(e) The commissioner shall issue each license for the operation of a vending ~~stand~~ facility or vending machine for an indefinite period but may terminate any license in the manner provided. In granting licenses for new or vacated ~~stands~~ facilities preference on the basis of seniority of experience in operating ~~stands~~ facilities under the control of the commissioner shall be given to capable operators who are deemed competent to handle the enterprise under consideration. Application of this preference shall not prohibit the commissioner from selecting an operator from the community in which the ~~stand~~ facility is located.

Sec. 18. Minnesota Statutes 2024, section 469.54, subdivision 4, is amended to read:

Subd. 4. **Credit for parking revenue.** (a) By March 1 of the year following the year in which the parking facilities or structures are constructed within the district, the city must certify to the commissioner:

(1) the total amount of revenue generated by the parking facilities and structures in the preceding year; and

(2) the total amount necessary for operational and maintenance expenses of the facilities or structures in the ~~current~~ preceding year.

(b) By July 1 of each year thereafter, for a period of 25 years, the commissioner must confirm or revise the amounts as reported. An amount equal to 50 percent of the amount of revenue received by the city by the parking structures and facilities in the ~~previous~~ preceding year that is greater than the amount necessary for operational and maintenance expenses of the facilities or structures in the ~~current~~ preceding year must be paid by the city to the commissioner of employment and economic development by September 1 for deposit into the general fund.

Sec. 19. **REPEALER.**

Minnesota Statutes 2024, sections 116L.35; and 116L.98, subdivision 7, are repealed.

ARTICLE 4
DEPARTMENT OF LABOR AND INDUSTRY POLICY

Section 1. Minnesota Statutes 2024, section 177.27, subdivision 5, is amended to read:

Subd. 5. **Civil actions.** The commissioner may bring an action in the district court where an employer resides or where the commissioner maintains an office to enforce or require compliance with orders issued under subdivision 4. In addition to any other remedy provided by law, the commissioner may also apply in the district court where an employer resides or where the commissioner maintains an office for an order enjoining and restraining violations of any statute or rule listed in subdivision 4.

Sec. 2. Minnesota Statutes 2024, section 181.211, subdivision 7, is amended to read:

Subd. 7. **Nursing home.** "Nursing home" means a nursing home licensed under chapter 144A and reimbursed under chapter 256R, or a boarding care home licensed under sections 144.50 to 144.56 and reimbursed under chapter 256R.

Sec. 3. Minnesota Statutes 2024, section 181.211, subdivision 8, is amended to read:

Subd. 8. **Nursing home employer.** "Nursing home employer" means an employer of nursing home workers in a ~~licensed, Medicaid-certified facility that is reimbursed under chapter 256R~~ nursing home as defined under subdivision 7.

Sec. 4. Minnesota Statutes 2024, section 181.988, subdivision 2, is amended to read:

Subd. 2. **Covenants not to compete void and unenforceable.** (a) Any covenant not to compete contained in a contract or agreement is void and unenforceable.

(b) Notwithstanding paragraph (a), a covenant not to compete is valid and enforceable if:

(1) the covenant not to compete restricts an employee from engaging in competition for no more than one year and the employee received a clear, written explanation of the covenant not to compete prior to entering into the contract or agreement, and either:

(i) the employee has a salary of \$200,000 or more and whose primary duties include:

(A) research and development or the creation, analysis, or modification of confidential, proprietary, or trade secret information; or

(B) management of a project, team, or department with responsibility over research and development or the creation, analysis, or modification of confidential, proprietary, or trade secret information; or

(ii) the employee has a salary of \$500,000 or more regardless of the employee's primary job duties;

~~(1)~~ (2) the covenant not to compete is agreed upon during the sale of a business. The person selling the business and the partners, members, or shareholders, and the buyer of the business may agree on a temporary and geographically restricted covenant not to compete that will prohibit the seller of the business from carrying on a similar business within a reasonable geographic area and for a reasonable length of time; or

~~(2)~~ (3) the covenant not to compete is agreed upon in anticipation of the dissolution of a business. The partners, members, or shareholders, upon or in anticipation of a dissolution of a partnership, limited liability company, or corporation may agree that all or any number of the parties will not carry on a similar business within a reasonable geographic area where the business has been transacted.

(c) Nothing in this subdivision shall be construed to render void or unenforceable any other provisions in a contract or agreement containing a void or unenforceable covenant not to compete.

(d) In addition to injunctive relief and any other remedies available, a court may award an employee who is enforcing rights under this section reasonable attorney fees.

(e) For the purposes of this subdivision, the term "trade secret" means all forms and types of scientific, technical, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes; whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing, if:

(1) the owner thereof has taken reasonable measures to keep such information secret; and

(2) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economy value from the disclosure or use of the information.

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

Sec. 5. Minnesota Statutes 2024, section 326B.0981, subdivision 4, is amended to read:

Subd. 4. **Internet continuing education.** (a) The design and delivery of an Internet continuing education course must be approved by the International Distance Education Certification Center (IDECC) or the International ~~Association~~ Accreditors for Continuing Education and Training (IACET) before the course is submitted for the commissioner's approval. The approval must accompany the course submitted.

(b) Paragraphs (a) and (d) do not apply to approval of an Internet continuing education course for manufactured home installers. An Internet continuing education course for manufactured home installers must be approved by the United States Department of Housing and Urban Development or by the commissioner of labor and industry. The approval must accompany the course completion certificate issued to each student by the course sponsor.

(c) Paragraph (a) does not apply to approval of an Internet continuing education course for elevator constructors. An Internet continuing education course for elevator constructors must be approved by the commissioner of labor and industry. The approval must accompany the course completion certificate issued to each student by the course sponsor.

(d) An Internet continuing education course must:

(1) specify the minimum computer system requirements;

(2) provide encryption that ensures that all personal information, including the student's name, address, and credit card number, cannot be read as it passes across the Internet;

(3) include technology to guarantee seat time;

(4) include a high level of interactivity;

(5) include graphics that reinforce the content;

(6) include the ability for the student to contact an instructor or course sponsor within a reasonable amount of time;

(7) include the ability for the student to get technical support within a reasonable amount of time;

(8) include a statement that the student's information will not be sold or distributed to any third party without prior written consent of the student. Taking the course does not constitute consent;

(9) be available 24 hours a day, seven days a week, excluding minimal downtime for updating and administration, except that this provision does not apply to live courses taught by an actual instructor and delivered over the Internet;

(10) provide viewing access to the online course at all times to the commissioner, excluding minimal downtime for updating and administration;

(11) include a process to authenticate the student's identity;

(12) inform the student and the commissioner how long after its purchase a course will be accessible;

(13) inform the student that license education credit will not be awarded for taking the course after it loses its status as an approved course;

(14) provide clear instructions on how to navigate through the course;

(15) provide automatic bookmarking at any point in the course;

(16) provide questions after each unit or chapter that must be answered before the student can proceed to the next unit or chapter;

(17) include a reinforcement response when a quiz question is answered correctly;

(18) include a response when a quiz question is answered incorrectly;

(19) include a final examination in which the student must correctly answer 70 percent of the questions;

(20) allow the student to go back and review any unit at any time, except during the final examination;

(21) provide a course evaluation at the end of the course. At a minimum, the evaluation must ask the student to report any difficulties caused by the online education delivery method;

(22) provide a completion certificate when the course and exam have been completed and the provider has verified the completion. Electronic certificates are sufficient and shall include the name of the provider, date and location of the course, educational program identification that was provided by the department, hours of instruction or continuing education hours, and licensee's or attendee's name and license, certification, or registration number or the last four digits of the licensee's or attendee's Social Security number; and

(23) allow the commissioner the ability to electronically review the class to determine if credit can be approved.

(e) The final examination must be either an encrypted online examination or a paper examination that is monitored by a proctor who certifies that the student took the examination.

Sec. 6. Minnesota Statutes 2024, section 326B.198, subdivision 2, is amended to read:

Subd. 2. **Installation requirements.** (a) The installation of underground telecommunications infrastructure that is located within ten feet of existing underground utilities or that crosses the existing underground utilities must be performed by safety-qualified underground telecommunications installers as follows:

(1) the location of existing utilities by hand- or hydro-excavation or other accepted methods must be performed by a safety-qualified underground telecommunications installer; and

(2) where telecommunications infrastructure is installed by means of directional drilling, the monitoring of the location and depth of the drill head must be performed by a safety-qualified underground telecommunications installer; ~~and.~~

~~(3) no fewer than two safety-qualified underground telecommunications installers must be present at all times at any location where telecommunications infrastructure is being installed by means of directional drilling.~~

~~(b) Beginning July 1, 2025, all installations of underground telecommunications infrastructure subject to this subdivision within the seven county metropolitan area must be performed by safety-qualified underground telecommunications installers that meet the requirements of this subdivision.~~

~~(e)~~ (b) Beginning January 1, 2026, all installations of underground telecommunications infrastructure subject to this subdivision within this state must be performed by safety-qualified underground telecommunications installers that meet the requirements of this subdivision.

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

Sec. 7. Minnesota Statutes 2024, section 326B.198, subdivision 3, is amended to read:

Subd. 3. **Certification Standards.** (a) The commissioner of labor and industry, in consultation with the Office of Broadband, shall approve standards for a safety-qualified underground telecommunications installer certification program that requires a person to:

(1) complete a 40-hour initial course that includes classroom and hands-on instruction covering proper work procedures for safe installation of underground utilities, including:

(i) regulations applicable to excavation near existing utilities;

(ii) identification, location, and verification of utility lines using hand- or hydro-excavation or other accepted methods;

- (iii) response to line strike incidents;
- (iv) traffic control procedures;
- (v) use of a tracking device to safely guide directional drill equipment along a drill path; and
- (vi) avoidance and mitigation of safety hazards posed by underground utility installation projects;

(2) demonstrate knowledge of the course material by successfully completing an examination approved by the commissioner; and

(3) complete a four-hour refresher course within three years of completing the original course and every three years thereafter in order to maintain certification.

(b) The commissioner must develop an approval process for training providers under this subdivision and may suspend or revoke the approval of any training provider that fails to demonstrate consistent delivery of approved curriculum or success in preparing participants to complete the examination.

(c) An approved training provider may apply for approval of classroom instruction course material delivered up to two years prior to becoming an approved training provider and before January 1, 2026, as being equivalent or substantially equivalent to classroom instruction course material that is contained in the approved program. An application must provide a copy of all written materials used for the training for which equivalent credit is sought, the specific subjects covered in the training, the name and qualifications of the training provider, a description of the delivery method for the training, and the date of the training. Once approved, a training provider may grant full or partial retroactive credit for completion of classroom instruction training delivered prior to the commissioner's decision to approve a program. A person granted retroactive credit must successfully complete the examination that the training provider is approved to administer in order to be certified as a safety-qualified underground telecommunications installer.

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

Sec. 8. Minnesota Statutes 2024, section 326B.31, subdivision 29, is amended to read:

Subd. 29. **Technology circuits or systems.** "Technology circuits or systems" means class 2 ~~or, class 3, or class 4~~ circuits or systems for, but not limited to, remote control, signaling, control, alarm, and audio signal, including associated components as covered by the National Electrical Code, ~~articles 640, 645, 650, 725, 760, 770, and 780,~~ and which are isolated from circuits or systems other than class 2 ~~or, class 3, or class 4~~ by a demarcation and are not process control circuits or systems; antenna and communication circuits or systems as covered by ~~chapter 8 of the~~ National Electrical Code; and circuitry and equipment ~~for indoor lighting and outdoor landscape lighting systems that are supplied by the secondary circuit of an isolating power supply operating at 30 volts or less as for low-voltage lighting, limited to a class 2 or class 3 power supply covered by the Low-Voltage Lighting article in the~~ National Electrical Code, ~~article 411.~~ The planning, laying out, installing, altering, and repairing of technology circuits or systems must be performed in accordance with the applicable requirements of the National Electrical Code pursuant to section 326B.35.

Sec. 9. Minnesota Statutes 2024, section 326B.33, subdivision 21, is amended to read:

Subd. 21. **Exemptions from licensing.** (a) An individual who is a maintenance electrician is not required to hold or obtain a license under sections 326B.31 to 326B.399 if:

(1) the individual is engaged in the maintenance and repair of electrical equipment, apparatus, and facilities that are owned or leased by the individual's employer and that are located within the limits of property operated, maintained, and either owned or leased by the individual's employer;

(2) the individual is supervised by:

(i) the responsible master electrician for a contractor who has contracted with the individual's employer to provide services for which a contractor's license is required; or

(ii) a licensed master electrician, a licensed maintenance electrician, an electrical engineer, or, if the maintenance and repair work is limited to technology circuits or systems work, a licensed power limited technician; and

(3) the individual's employer has on file with the commissioner a current certificate of responsible person, signed by the responsible master electrician of the contractor, the licensed master electrician, the licensed maintenance electrician, the electrical engineer, or the licensed power limited technician, and stating that the person signing the certificate is responsible for ensuring that the maintenance and repair work performed by the employer's employees complies with the Minnesota Electrical Act and the rules adopted under that act. The employer must pay a filing fee to file a certificate of responsible person with the commissioner. The certificate shall expire two years from the date of filing. In order to maintain a current certificate of responsible person, the employer must resubmit a certificate of responsible person, with a filing fee, no later than two years from the date of the previous submittal.

(b) Employees of a licensed electrical or technology systems contractor or other employer where provided with supervision by a master electrician in accordance with subdivision 1, or power limited technician in accordance with subdivision 7, paragraph (a), clause (1), are not required to hold a license under sections 326B.31 to 326B.399 for the planning, laying out, installing, altering, and repairing of technology circuits or systems except planning, laying out, or installing:

(1) in other than residential dwellings, class 2 or class 3 remote control circuits that control circuits or systems other than class 2 or class 3, except circuits that interconnect these systems through communication, alarm, and security systems are exempted from this paragraph;

(2) class 2 or class 3 circuits in electrical cabinets, enclosures, or devices containing physically unprotected circuits other than class 2 or class 3; ~~or~~

(3) class 4 circuits or systems; or

~~(3)~~ (4) technology circuits or systems in hazardous classified locations as covered by the National Electrical Code.

(c) Companies and their employees that plan, lay out, install, alter, or repair class 2 and class 3 remote control wiring associated with plug or cord and plug connected appliances other than security or fire alarm systems installed in a residential dwelling are not required to hold a license under sections 326B.31 to 326B.399.

(d) Heating, ventilating, air conditioning, and refrigeration contractors and their employees are not required to hold or obtain a license under sections 326B.31 to 326B.399 when performing heating, ventilating, air conditioning, or refrigeration work as described in section 326B.38.

(e) Employees of any electrical, communications, or railway utility, cable communications company as defined in section 238.02, or a telephone company as defined under section 237.01 or its employees, or of any independent contractor performing work on behalf of any such utility, cable communications company, or telephone company, shall not be required to hold a license under sections 326B.31 to 326B.399:

(1) while performing work on installations, materials, or equipment which are owned or leased, and operated and maintained by such utility, cable communications company, or telephone company in the exercise of its utility, antenna, or telephone function, and which:

(i) are used exclusively for the generation, transformation, distribution, transmission, or metering of electric current, or the operation of railway signals, or the transmission of intelligence and do not have as a principal function the consumption or use of electric current or provided service by or for the benefit of any person other than such utility, cable communications company, or telephone company; ~~and~~

(ii) are generally accessible only to employees of such utility, cable communications company, or telephone company or persons acting under its control or direction; and

(iii) are not on the load side of the service point or point of entrance for communication systems;

(2) while performing work on installations, materials, or equipment which are a part of the street lighting operations of such utility; or

(3) while installing or performing work on outdoor area lights which are directly connected to a utility's distribution system and located upon the utility's distribution poles, and which are generally accessible only to employees of such utility or persons acting under its control or direction.

(f) An individual who physically performs electrical work on a residential dwelling that is located on a property the individual owns and actually occupies as a residence or owns and will occupy as a residence upon completion of its construction is not required to hold or obtain a license under sections 326B.31 to 326B.399 if the residential dwelling has a separate electrical utility service not shared with any other residential dwelling.

(g) Companies and their employees licensed under section 326B.164 shall not be required to hold or obtain a license under sections 326B.31 to 326B.399 while performing elevator work.

Sec. 10. MISCLASSIFICATION FRAUD IMPACT REPORT.

(a) Every two years, the commissioners of revenue, employment and economic development, and labor and industry must coordinate to conduct an analysis of the costs of misclassification to illustrate how misclassification impacts misclassified workers, government programs, and tax collections.

(b) By January 15 of every odd-numbered year, beginning January 15, 2027, the commissioner of labor and industry must report on the analysis performed under paragraph (a) to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes, workforce, and labor. The commissioner of labor and industry may contract with external experts or an independent third party to conduct a study, develop a report, and perform other functions.

(c) At a minimum, the study and report must provide:

(1) an estimate of the number of workers experiencing misclassification in Minnesota;

(2) an estimate of the cost of misclassification to impacted workers;

(3) an estimate of the prevalence of misclassification by industry; and

(4) an estimate of the impact to:

(i) the unemployment insurance trust fund;

(ii) the family and medical benefit insurance account;

(iii) state income tax collection;

(iv) the workers' compensation fund; and

(v) the workforce development fund.

(d) Data and information relevant to the required report elements in paragraph (c) must be provided to the commissioner of labor and industry for purposes of the study and report, including but not limited to the following:

(1) from the Department of Employment and Economic Development, information and data relevant to:

(i) the unemployment insurance trust fund;

(ii) the family and medical benefit insurance account;

(iii) unemployment insurance program audits and findings; and

(iv) the workforce development fund;

(2) from the Department of Revenue, information and data relevant to:

(i) misclassification tax audits and findings;

(ii) income tax collection; and

(iii) 1099 filings; and

(3) from the Department of Labor and Industry, information and data relevant to:

(i) misclassification complaints, investigations, and findings; and

(ii) the workers' compensation fund."

Delete the title and insert:

"A bill for an act relating to jobs; establishing a biennial budget for workforce, labor, and economic development; appropriating money for the Department of Employment and Economic Development, Explore Minnesota, Department of Labor and Industry, Workers' Compensation Court of Appeals, and Bureau of Mediation Services; making various policy and technical changes; requiring reports; amending Minnesota Statutes 2024, sections 116J.431, subdivision 2; 116J.8733, subdivision 4; 116J.8752, subdivision 2; 116L.03, subdivision 2; 116L.04, subdivisions 1, 1a; 116L.05, subdivision 5; 116L.562, subdivisions 1, 3; 116L.98, subdivision 2; 116U.05; 116U.06; 116U.15; 116U.30; 116U.35; 177.27, subdivision 5; 181.211, subdivisions 7, 8; 181.988, subdivision 2; 248.07, subdivisions 7, 8; 326B.0981, subdivision 4; 326B.198, subdivisions 2, 3; 326B.31, subdivision 29; 326B.33, subdivision 21; 469.54, subdivision 4; Laws 2023, chapter 53, article 20, section 2, subdivisions 2, as amended, 3, as amended; article 21, section 7, as amended; Laws 2023, chapter 64, article 15, section 30; Laws 2024, chapter 120, article 1, sections 2, subdivision 3; 4; Laws 2024, chapter 127, article 14, section 3; repealing Minnesota Statutes 2024, sections 116L.35; 116L.98, subdivision 7; Laws 2024, chapter 120, article 1, section 13."

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

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with Senate Concurrent Resolution No. 4, H. F. No. 2441 was re-referred to the Committee on Rules and Legislative Administration.

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

H. F. No. 2484, A bill for an act relating to capital investment; renaming the library construction grant program; appropriating money for library construction grants; authorizing the sale and issuance of state bonds; amending Minnesota Statutes 2024, section 134.45.

Reported the same back with the following amendments:

Page 1, delete section 1

Page 3, line 15, delete "Mary C. Murphy"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "renaming the library construction grant program;"

Correct the title numbers accordingly

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

The report was adopted.

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

H. F. No. 2486, A bill for an act relating to capital investment; appropriating money for early childhood learning and child protection facilities; authorizing the sale and issuance of state bonds.

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

The report was adopted.

Davids and Gomez from the Committee on Taxes to which was referred:

H. F. No. 2730, A bill for an act relating to taxation; public financing; modifying local government debt financing; amending Minnesota Statutes 2024, sections 373.40, subdivision 2; 446A.086, subdivisions 1, 2; 462C.04, subdivision 2; 469.104; 469.154, subdivision 4; 474A.091, subdivisions 2, 2a; 475.521, subdivision 2; 641.23.

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

The report was adopted.

Baker and Pinto from the Committee on Workforce, Labor, and Economic Development Finance and Policy to which was referred:

H. F. No. 3228, A bill for an act relating to workers' compensation; adopting recommendations from the Workers' Compensation Advisory Council; amending Minnesota Statutes 2024, sections 176.011, subdivisions 9, 11; 176.041, subdivision 1; 176.135, subdivision 1; 176.151; 176.175, subdivision 2; 176.361, subdivision 2; 176.421, subdivision 4; repealing Minnesota Rules, part 5220.2840.

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

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with Senate Concurrent Resolution No. 4, H. F. No. 3228 was re-referred to the Committee on Rules and Legislative Administration.

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

S. F. No. 1832, A bill for an act relating to state government; establishing a biennial budget for jobs, labor, and economic development; appropriating money for the Department of Employment and Economic Development, Department of Labor and Industry, Bureau of Mediation Services, and Workers' Compensation Court of Appeals; modifying economic development provisions; modifying Explore Minnesota provisions; making labor policy changes; modifying provisions governing the certification of underground telecommunications installers; canceling prior appropriations; creating accounts; requiring reports; amending Minnesota Statutes 2024, sections 116J.431, subdivision 2; 116J.659, subdivisions 4, 5; 116J.8733, subdivision 4; 116J.8752, subdivision 2; 116L.04, subdivisions 1, 1a; 116L.05, subdivision 5; 116L.98, subdivision 2; 116M.18, subdivision 3; 116U.05; 116U.06; 116U.15; 116U.30; 116U.35; 177.253, subdivision 1, by adding a subdivision; 177.254, subdivisions 1, 2, by adding a subdivision; 177.27, subdivision 5; 248.07, subdivisions 7, 8; 268.085, subdivision 15; 268.184, subdivision 1; 326B.103, by adding subdivisions; 326B.184, subdivisions 1a, 2; 326B.198, subdivisions 2, 3; 326B.31, subdivision 29; 326B.33, subdivision 21; 326B.37, subdivisions 1, 2, 4, 5, 6, 8, 9, by adding a subdivision; 326B.49, subdivisions 2, 3; 326B.986, subdivision 9; 327.31, by adding a subdivision; 327.32, subdivisions 1a, 1e, 7; 327.33, subdivisions 1, 2, 2a, 2b, 2c, by adding subdivisions; 327B.01, subdivisions 1, 7, 19, by adding subdivisions; 327B.04, subdivisions 3, 4, 6, 7a; 327B.041; 327B.05, subdivision 1; 469.54, subdivision 4; Laws 2023, chapter 53, article 15, section 33, subdivision 4, as amended; article 18, sections 2, subdivisions 1, 4; 3, subdivisions 1, 4, 5; article 20, section 2, subdivision 2, as amended; article 21, section 7, as amended; Laws 2024, chapter 127, article 14, section 3; proposing coding for new law in Minnesota Statutes, chapters 116J; 326B; repealing Laws 2024, chapter 120, article 1, section 13.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1 APPROPRIATIONS

Section 1. APPROPRIATIONS.

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2026" and "2027" used in this article mean

that the appropriations listed under them are available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively. "The first year" is fiscal year 2026. "The second year" is fiscal year 2027. "The biennium" is fiscal years 2026 and 2027.

(b) If an appropriation in this article is enacted more than once in the 2025 regular or special legislative session, the appropriation must be given effect only once.

APPROPRIATIONS
Available for the Year
Ending June 30
2026 **2027**

Sec. 2. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

Subdivision 1. Total Appropriation **\$145,034,000** **\$109,490,000**

Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General</u>	<u>80,513,000</u>	<u>80,513,000</u>
<u>Family and Medical</u>		
<u>Benefit Insurance</u>	<u>40,544,000</u>	<u>5,000,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>23,277,000</u>	<u>23,277,000</u>

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

Subd. 2. Business and Community Development **20,489,000** **20,489,000**

Appropriations by Fund

<u>General</u>	<u>19,789,000</u>	<u>19,789,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>

(a) \$1,037,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until June 30, 2029.

(b) \$500,000 each year is for grants to small business development centers under Minnesota Statutes, section 116J.68. Money made available under this paragraph may be used to match funds under the federal Small Business Development Center (SBDC) program under United States Code, title 15, section 648, to provide consulting and technical services or to build additional SBDC network capacity to serve entrepreneurs and small businesses.

(c) \$2,725,000 each year is for the small business assistance partnerships program under Minnesota Statutes, section 116J.682. All grant awards must be for two consecutive years. Grants must be awarded in the first year. The department may use up to five percent of the appropriation for administrative purposes.

(d) \$350,000 each year is for administration of the community energy transition office under Minnesota Statutes, section 116J.5491.

(e) \$1,022,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

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

(g) \$139,000 each year is for the Center for Rural Policy and Development.

(h) \$25,000 each year is for the administration of state aid for the Destination Medical Center Corporation under Minnesota Statutes, sections 469.40 to 469.47.

(i) \$875,000 each year is for the host community economic development program established in Minnesota Statutes, section 116J.548.

(j)(1) \$1,500,000 each year is for grants to local communities to increase the number of quality child care providers to support economic development. Fifty percent of grant money must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

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

(3) Within one year of receiving grant money, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers.

the number of additional child care provider jobs created, the number of additional child care slots, and the amount of cash and in-kind local money invested. Within one month of all grant recipients reporting on program outcomes, the commissioner must report the grant recipients' outcomes to the chairs and ranking minority members of the legislative committees with jurisdiction over early learning and child care and economic development.

(k) \$500,000 each year is for the Office of Child Care Community Partnerships. Of this amount:

(1) \$450,000 each year is for administration of the Office of Child Care Community Partnerships; and

(2) \$50,000 each year is for the Labor Market Information Office to conduct research and analysis related to the child care industry.

(l) \$1,000,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations. This appropriation is available until June 30, 2029. The Minnesota Initiative Foundations must use grant money under this section to:

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

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

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

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

(m) \$1,246,000 each year is for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761.

(n) \$1,000,000 each year is for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Money available under this paragraph is for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and is available until expended. Of this amount, up to four percent is for administration and monitoring of the program.

(o) \$12,000 each year is for a grant to the Upper Minnesota Film Office.

(p) \$250,000 each year is for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.401.

(q) \$3,000,000 each year is for the CanStartup program under Minnesota Statutes, section 116J.659.

Subd. 3. Employment and Training Services

26,615,000

26,615,000

Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General</u>	<u>11,263,000</u>	<u>11,263,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>15,352,000</u>	<u>15,352,000</u>

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

(b) \$1,275,000 each year is for the transformative career pathways workforce grants under Minnesota Statutes, section 116L.43. The department may use up to five percent of this appropriation for administration, monitoring, and oversight of the program.

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

(d) \$3,990,000 each year from the general fund and \$5,954,000 each year from the workforce development fund are for the pathways to prosperity competitive grant program. Of this amount, up to five percent is for administration and monitoring of the program.

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

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

(g) \$1,125,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals including job training, employment preparation, internships, job assistance to parents, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this paragraph must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. Of this amount, up to five percent is for administration and monitoring of the program.

(h) \$1,500,000 each year from the general fund and \$3,348,000 each year from the workforce development fund are for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards must be for two consecutive years. Grants must be awarded in the first year.

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

(j) \$4,050,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(k) \$750,000 each year is for the Office of New Americans under Minnesota Statutes, section 116J.4231.

(l) \$25,000 each year is for a grant to the University of Minnesota Tourism Center for ongoing system maintenance, management, and content updates for an online hospitality training program in partnership with Explore Minnesota Tourism. This training program must be made available at no cost to Minnesota residents in an effort to address critical workforce shortages in the hospitality and tourism industries and assist in career development.

(m) \$150,000 each year is for prevailing wage staff under Minnesota Statutes, section 116J.871, subdivision 2.

(n)(1) \$250,000 each year is for the commissioner to, in consultation with the commissioner of children, youth, and families, purchase and operate an online early childhood development professional educator program to be available at no cost to early childhood educators, Minnesota residents, and high school students. Of this amount, up to \$50,000 each year is for reimbursing participating schools for the expense of supporting the program. School reimbursements must be done on a first-come, first-served basis, though at least 50 percent must go to schools outside the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2.

(2) The program selected must:

(i) include all of the coursework in English or Spanish necessary to earn a child development associate credential upon successful completion;

(ii) provide courses allowing for the award of continuing education units accredited by the International Accreditors for Continuing Education and Training;

(iii) provide health and safety courses meeting federal annual training requirements under the child care development block grant and the child care and development fund;

(iv) be usable for students in high school career and technical programs if requested by school districts;

(v) be based on research and developmentally appropriate practices as defined by national professional organizations such as the National Association for the Education of Young Children;

(vi) include content that spans early childhood development from birth to age five and that covers topics such as developmental milestones, health and safety, working with children with special needs, supporting families, the Science of Reading, and running a high-quality early education program;

(vii) include videos, interactive games, knowledge checks, and writing assignments;

(viii) have a system for program administrators and state agencies to capture course completion data, certification status, and individual and group professional development progress;

(ix) be accessible on a range of computers, tablets, and mobile devices;

(x) include professional development opportunities that are both synchronous and asynchronous;

(xi) foster a professional learning community with access to early childhood content experts and opportunities to share knowledge with peers around the country;

(xii) provide a user-friendly system with support by a customer help desk; and

(xiii) support a professional development system housed on a learning management system with proven capability to provide reliable simultaneous access to a network of early educators.

(o) \$448,000 each year is for a grant to the Minnesota STEM Ecosystem. Grant money must be used to support STEM learning opportunities and workforce development within the science and technology areas. The Minnesota STEM Ecosystem may award grants to programs that support STEM learning and workforce development to ensure strategic alignment of STEM initiatives across the state.

Subd. 4. General Support Services

5,028,000

5,028,000

Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General Fund</u>	<u>4,933,000</u>	<u>4,933,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>95,000</u>	<u>95,000</u>

Of these amounts, \$1,269,000 each year is for transfer to the Minnesota Housing Finance Agency for operating the Olmstead Compliance Office.

Subd. 5. Minnesota Trade Office

2,242,000

2,242,000

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

(b) \$180,000 each year is for the Invest Minnesota marketing initiative under Minnesota Statutes, section 116J.9781.

(c) \$270,000 each year is for the Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

Subd. 6. Vocational Rehabilitation

41,691,000

41,691,000

Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General</u>	<u>33,861,000</u>	<u>33,861,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>7,830,000</u>	<u>7,830,000</u>

(a) \$16,800,000 each year is for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

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

(c) \$2,555,000 each year is for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

(d) \$3,011,000 each year is for grants to centers for independent living under Minnesota Statutes, section 268A.11.

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

Subd. 7. Services for the Blind

8,425,000

8,425,000

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

Subd. 8. Paid Leave

40,544,000

5,000,000

This appropriation is from the family and medical benefit insurance account for the purposes of Minnesota Statutes, chapter 268B.

Sec. 3. EXPLORE MINNESOTA TOURISM

\$17,032,000

\$17,032,000

Of these amounts, \$500,000 each year must be matched from nonstate sources to develop maximum private sector involvement in tourism. Each \$1 of state incentive must be matched with \$6 of private sector money. "Matched" means revenue to the state or documented in-kind, soft match, or cash expenditures directly expended to support Explore Minnesota under Minnesota Statutes, section 116U.05. The incentive in fiscal year 2026 is based on fiscal year 2025 private sector contributions. The incentive in fiscal year 2027 is based on fiscal year 2026 private sector contributions. This incentive is ongoing.

Sec. 4. **DEPARTMENT OF LABOR AND INDUSTRY**

<u>Subdivision 1. Total Appropriation</u>	<u>\$51,128,000</u>	<u>\$50,657,000</u>
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Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General</u>	9,160,000	9,179,000
<u>Family and Medical</u>		
<u>Benefit</u>	366,000	-0-
<u>Workers' Compensation</u>	34,776,000	34,652,000
<u>Workforce</u>		
<u>Development</u>	6,826,000	6,826,000

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

<u>Subd. 2. General Support</u>	<u>10,990,000</u>	<u>11,300,000</u>
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This appropriation is from the workers' compensation fund.

<u>Subd. 3. Labor Standards</u>	<u>9,031,000</u>	<u>8,731,000</u>
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Appropriations by Fund

<u>General</u>	6,969,000	7,035,000
<u>Family and Medical</u>		
<u>Benefit</u>	366,000	-0-
<u>Workforce</u>		
<u>Development</u>	1,696,000	1,696,000

(a) \$2,046,000 each year is for wage theft prevention.

(b) \$1,696,000 each year is from the workforce development fund for prevailing wage enforcement.

(c) \$355,000 each year is for education and training related to employee misclassification.

(d) \$1,899,000 each year is for enforcement and other duties regarding earned sick and safe time under Minnesota Statutes, chapter 177, and sections 181.9445 to 181.9448.

(e) \$134,000 each year is for outreach and enforcement efforts related to changes to the nursing mothers, lactating employees, and pregnancy accommodations law under Minnesota Statutes, chapter 181.

(f) \$169,000 each year is for the purposes of the Safe Workplaces for Meat and Poultry Processing Workers Act.

(g) \$141,000 each year is to inform and educate employers relating to Minnesota Statutes, section 181.960.

(h) \$123,000 each year is for the purposes of enforcement, education, and outreach regarding Minnesota Statutes, sections 181C.02 and 181C.03.

(i) \$366,000 the first year and \$0 the second year are from the family and medical benefit insurance account for the purposes of Minnesota Statutes, chapter 268B.

(j)(1) \$163,000 each year is for the misclassification fraud impact report and for legal, technical, and clerical staff support for the report. Amounts appropriated are available in either year and are available until June 30, 2027.

(2) The commissioner of labor and industry may enter into interagency agreements with the commissioners of employment and economic development and revenue to transfer funds appropriated under clause (1) to cover costs associated with the misclassification fraud impact report.

Subd. 4. Workers' Compensation

15,725,000

15,725,000

This appropriation is from the workers' compensation fund.

Subd. 5. Workplace Safety

8,061,000

7,627,000

This appropriation is from the workers' compensation fund.

Subd. 6. Employment-Based Initiatives

2,404,000

2,404,000

Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General</u>	<u>33,000</u>	<u>33,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>2,371,000</u>	<u>2,371,000</u>

(a) \$500,000 each year is from the workforce development fund for the dual-training pipeline program. Of this amount, \$200,000 each year is for the identification of competency standards under Minnesota Statutes, section 175.45, for fields other than the legal cannabis industry.

(b) \$33,000 each year is to identify occupational competency standards and provide technical assistance for developing dual-training programs under Minnesota Statutes, section 175.45, for the legal cannabis industry.

(c) \$1,500,000 each year is from the workforce development fund for youth skills training grants under Minnesota Statutes, section 175.46.

(d) \$371,000 each year is from the workforce development fund for administration of the youth skills training grants program under Minnesota Statutes, section 175.46.

Subd. 7. <u>Combative Sports</u>	<u>254,000</u>	<u>254,000</u>
Subd. 8. <u>Apprenticeship</u>	<u>4,259,000</u>	<u>4,259,000</u>

Appropriations by Fund

	<u>2026</u>	<u>2027</u>
<u>General</u>	<u>1,500,000</u>	<u>1,500,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>2,759,000</u>	<u>2,759,000</u>

(a) \$1,000,000 each year is from the workforce development fund for labor education and advancement program grants under Minnesota Statutes, section 178.11.

(b) \$225,000 each year is from the workforce development fund for grants to Building Strong Communities, Inc. for the Helmets to Hardhats Minnesota initiative. Grant money must be used to recruit, retain, assist, and support National Guard, reserve, and active duty military members' and veterans' participation in apprenticeship programs registered with the Department of Labor and Industry and connect service members and veterans with career training and employment in the building and construction industry. The recruitment, selection, employment, and training must be without discrimination due to race, color, creed, religion, national origin, sex, sexual orientation, marital status, physical or mental disability, receipt of public assistance, or age.

(c) \$1,500,000 each year is for a registered teacher apprenticeship competitive grant program. Funds must be awarded through a competitive request for proposal process. Grant awards must be used to establish, administer, and operationalize registered teacher apprenticeship programs and joint apprenticeship training committees statewide in accordance with the requirements of Minnesota Statutes, chapter 178. Grant money may be used to:

(1) fund personnel costs;

(2) design and update related instruction for the programs in coordination with teacher preparation providers approved by the Professional Educators Licensing and Standards Board;

(3) purchase equipment, training materials, and software licenses for apprentice tracking systems for the programs;

(4) fund marketing costs associated with the recruitment of signatory school districts, journeyworker teachers, and apprentices; and

(5) fund subawards to signatory school districts to offset costs for participation in the program. Subawards may be used for:

(i) apprentice tuition, scholarships, and other supportive services; and

(ii) journeyworker teacher stipends.

Grant money may not be used to pay for apprentice wages and registered apprentices must not incur any cost for their participation in the apprenticeship programs. Notwithstanding any law to the contrary, payments under clause (5) must not be considered income, assets, or personal property for purposes of determining eligibility or recertifying eligibility for aid authorized by Minnesota Statutes, section 136A.1465.

By January 15 every year, beginning in 2028, the commissioner must report to the legislative committees with jurisdiction over kindergarten through grade 12 education, higher education, labor, and workforce development on how teacher apprenticeship program funding was used and recommendations for statutory or rule changes to facilitate program improvement and expansion of teacher apprenticeship programs as a pathway to teacher licensure.

<u>Subd. 9. Nursing Home Workforce Standards Board</u>	<u>404,000</u>	<u>357,000</u>
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<u>Sec. 5. BUREAU OF MEDIATION SERVICES</u>	<u>\$3,775,000</u>	<u>\$3,775,000</u>
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Of these amounts, \$751,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041.

<u>Sec. 6. WORKERS' COMPENSATION COURT OF APPEALS</u>	<u>\$2,962,000</u>	<u>\$2,895,000</u>
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This appropriation is from the workers' compensation fund.

<u>Sec. 7. DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES</u>	<u>\$250,000</u>	<u>\$250,000</u>
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\$250,000 each year is for child care improvement grants under Minnesota Statutes, section 142D.20, subdivision 3, paragraph (a), clause (7). Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the amount for administrative costs under these appropriations is \$0.

ARTICLE 2
APPROPRIATION MODIFICATIONS

Section 1. Laws 2023, chapter 53, article 20, section 2, subdivision 2, as amended by Laws 2024, chapter 120, article 1, section 6, is amended to read:

Subd. 2. Business and Community Development	195,061,000	139,104,000
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Appropriations by Fund

General	193,011,000	137,054,000
Remediation	700,000	700,000
Workforce Development	1,350,000	1,350,000

(a) \$2,287,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until June 30, 2027.

(b) \$500,000 each year is for grants to small business development centers under Minnesota Statutes, section 116J.68. Money made available under this paragraph may be used to match funds under the federal Small Business Development Center (SBDC) program under United States Code, title 15, section 648, to provide consulting and technical services or to build additional SBDC network capacity to serve entrepreneurs and small businesses.

(c) \$2,500,000 the first year is for Launch Minnesota. This is a onetime appropriation. Of this amount:

(1) \$1,500,000 is for innovation grants to eligible Minnesota entrepreneurs or start-up businesses to assist with their operating needs;

(2) \$500,000 is for administration of Launch Minnesota; and

(3) \$500,000 is for grantee activities at Launch Minnesota.

(d)(1) \$500,000 each year is for grants to MNSBIR, Inc., to support moving scientific excellence and technological innovation from the lab to the market for start-ups and small businesses by securing federal research and development funding. The purpose of the grant is to build a strong Minnesota economy and stimulate the creation of novel products, services, and solutions in the private sector; strengthen the role of small business in meeting federal research and development needs; increase the commercial application of federally supported research results; and develop and increase the Minnesota workforce, especially by fostering and encouraging participation by small businesses owned by women and people who are Black, Indigenous, or people of color. This is a onetime appropriation.

(2) MNSBIR, Inc., shall use the grant money to be the dedicated resource for federal research and development for small businesses of up to 500 employees statewide to support research and commercialization of novel ideas, concepts, and projects into cutting-edge products and services for worldwide economic impact. MNSBIR, Inc., shall use grant money to:

(i) assist small businesses in securing federal research and development funding, including the Small Business Innovation Research and Small Business Technology Transfer programs and other federal research and development funding opportunities;

(ii) support technology transfer and commercialization from the University of Minnesota, Mayo Clinic, and federal laboratories;

(iii) partner with large businesses;

(iv) conduct statewide outreach, education, and training on federal rules, regulations, and requirements;

(v) assist with scientific and technical writing;

(vi) help manage federal grants and contracts; and

(vii) support cost accounting and sole-source procurement opportunities.

(e) \$10,000,000 the first year is for transfer to the Minnesota Expanding Opportunity Fund Program special revenue account under Minnesota Statutes, section 116J.8733. This is a onetime ~~appropriation~~ transfer and is available until June 30, 2025.

(f) \$6,425,000 each year is for the small business assistance partnerships program under Minnesota Statutes, section 116J.682. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. The department may use up to five percent of the appropriation for administrative purposes. The base for this appropriation is \$2,725,000 in fiscal year 2026 and each year thereafter.

(g) \$350,000 each year is for administration of the community energy transition office.

(h) \$5,000,000 each year is transferred from the general fund to the community energy transition account for grants under Minnesota Statutes, section 116J.55. This is a onetime transfer.

(i) \$1,772,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

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

(k) \$389,000 each year is for the Center for Rural Policy and Development. The base for this appropriation is \$139,000 in fiscal year 2026 and each year thereafter.

(l) \$25,000 each year is for the administration of state aid for the Destination Medical Center under Minnesota Statutes, sections 469.40 to 469.47.

(m) \$875,000 each year is for the host community economic development program established in Minnesota Statutes, section 116J.548.

(n) \$6,500,000 each year is for grants to local communities to increase the number of quality child care providers to support economic development. Fifty percent of grant money must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. The base for this appropriation is \$1,500,000 in fiscal year 2026 and each year thereafter.

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

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

(o) \$500,000 each year is for the Office of Child Care Community Partnerships. Of this amount:

(1) \$450,000 each year is for administration of the Office of Child Care Community Partnerships; and

(2) \$50,000 each year is for the Labor Market Information Office to conduct research and analysis related to the child care industry.

(p) \$3,500,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations. This appropriation is available until June 30, 2027. The base for this appropriation is \$1,000,000 in fiscal year 2026 and each year thereafter. The Minnesota Initiative Foundations must use grant money under this section to:

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

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

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

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

(q) \$8,000,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8748, money appropriated for the job creation fund may be used for redevelopment under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner.

(r) \$12,370,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8731, money appropriated to the commissioner for the Minnesota investment fund may be used for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner. Grants under this paragraph are not subject to the grant amount limitation under Minnesota Statutes, section 116J.8731.

(s) \$4,246,000 each year is for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761. The base for this appropriation is \$2,246,000 in fiscal year 2026 and each year thereafter. This appropriation is available until expended.

(t) \$1,000,000 each year is for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Money available under this paragraph is for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until expended. Of this amount, up to four percent is for administration and monitoring of the program.

(u) \$325,000 the first year is for the Minnesota Film and TV Board. The appropriation is available only upon receipt by the board of \$1 in matching contributions of money or in-kind contributions from nonstate sources for every \$3 provided by this appropriation, except that up to \$50,000 is available on July 1 even if the required matching contribution has not been received by that date. This is a onetime appropriation.

(v) \$12,000 each year is for a grant to the Upper Minnesota Film Office.

(w) \$500,000 the first year is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2027. This is a onetime appropriation.

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

(y) \$1,350,000 each year from the workforce development fund is for jobs training grants under Minnesota Statutes, section 116L.41.

(z) \$47,475,000 the first year and \$50,475,000 the second year are for the PROMISE grant program. This is a onetime appropriation and is available until June 30, 2027. Any unencumbered balance remaining at the end of the first year does not cancel but is available the second year. Of this amount:

(1) \$475,000 each year is for administration of the PROMISE grant program;

(2) \$7,500,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations to serve businesses in greater Minnesota. Of this amount, \$600,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year; and

(3) \$39,500,000 the first year and \$42,500,000 the second year are for grants to the Neighborhood Development Center. Of this amount, the following amounts are designated for the following areas:

(i) \$16,000,000 each year is for North Minneapolis' West Broadway, Camden, or other Northside neighborhoods. Of this amount, \$1,000,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year;

(ii) ~~\$13,500,000~~ \$12,500,000 each year is for South Minneapolis' Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors. Of this amount, \$750,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year;

(iii) \$10,000,000 each year is for St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods. Of this amount, \$750,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year;

(iv) \$1,000,000 the first year is for South Minneapolis' Hennepin Avenue Commercial corridor, South Hennepin Community corridor, and Uptown Special Service District; and

(v) \$3,000,000 the second year is for grants to businesses in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, excluding the cities of Minneapolis and St. Paul.

(aa) \$15,150,000 each year is for the PROMISE loan program. This is a onetime appropriation and is available until June 30, 2027. Of this amount:

(1) \$150,000 each year is for administration of the PROMISE loan program;

(2) \$3,000,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations to serve businesses in greater Minnesota; and

(3) \$12,000,000 each year is for grants to the Metropolitan Economic Development Association (MEDA). Of this amount, the following amounts are designated for the following areas:

(i) \$4,500,000 each year is for North Minneapolis' West Broadway, Camden, or other Northside neighborhoods;

(ii) \$4,500,000 each year is for South Minneapolis' Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors; and

(iii) \$3,000,000 each year is for St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods.

(bb) \$1,500,000 each year is for a grant to the Metropolitan Consortium of Community Developers for the community wealth-building grant program pilot project. Of this amount, up to two percent is for administration and monitoring of the community wealth-building grant program pilot project. This is a onetime appropriation.

(cc) \$250,000 each year is for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.401.

(dd) \$5,000,000 the first year is for a grant to the Bloomington Port Authority to provide funding for the Expo 2027 host organization. The Bloomington Port Authority must enter into an agreement with the host organization over the use of money, which may be used for activities, including but not limited to finalizing the community dossier and staffing the host organization and for infrastructure design and planning, financial modeling, development planning and coordination of both real estate and public private partnerships, and reimbursement of costs the Bloomington Port Authority incurred. In selecting vendors and exhibitors for Expo 2027, the host organization shall prioritize outreach to, collaboration with, and inclusion of businesses that are majority owned by people of color, women, and people with disabilities. The host organization and Bloomington Port Authority may be reimbursed for expenses 90 days prior to encumbrance. This appropriation is contingent on approval of the project by the Bureau International des Expositions. If the project is not approved by the Bureau International des Expositions, the money shall transfer to the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(ee) \$5,000,000 the first year is for a grant to the Neighborhood Development Center for small business programs, including training, lending, business services, and real estate programming; small business incubator development in the Twin Cities and

outside the seven-county metropolitan area; and technical assistance activities for partners outside the seven-county metropolitan area; and for high-risk, character-based loan capital for nonrecourse loans. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(ff) \$5,000,000 the first year is for transfer to the emerging developer fund account in the special revenue fund. Of this amount, up to five percent is for administration and monitoring of the emerging developer fund program under Minnesota Statutes, section 116J.9926, and the remainder is for a grant to the Local Initiatives Support Corporation - Twin Cities to serve as a partner organization under the program. This is a onetime appropriation.

(gg) \$5,000,000 the first year is for the Canadian border counties economic relief program under article 5. Of this amount, up to \$1,000,000 is for Tribal economic development and \$2,100,000 is for a grant to Lake of the Woods County for the forgivable loan program for remote recreational businesses. This is a onetime appropriation and is available until June 30, 2026.

(hh) \$1,000,000 each year is for a grant to African Economic Development Solutions. This is a onetime appropriation and is available until June 30, 2026. Of this amount:

(1) \$500,000 each year is for a loan fund that must address pervasive economic inequities by supporting business ventures of entrepreneurs in the African immigrant community; and

(2) \$250,000 each year is for workforce development and technical assistance, including but not limited to business development, entrepreneur training, business technical assistance, loan packing, and community development services.

(ii) \$1,500,000 each year is for a grant to the Latino Economic Development Center. This is a onetime appropriation and is available until June 30, 2025. Of this amount:

(1) \$750,000 each year is to assist, support, finance, and launch microentrepreneurs by delivering training, workshops, and one-on-one consultations to businesses; and

(2) \$750,000 each year is to guide prospective entrepreneurs in their start-up process by introducing them to key business concepts, including business start-up readiness. Grant proceeds must be used to offer workshops on a variety of topics throughout the year, including finance, customer service, food-handler training, and food-safety certification. Grant proceeds may also be used to provide lending to business startups.

(jj) \$627,000 the first year is for a grant to Community and Economic Development Associates (CEDA) to provide funding for economic development technical assistance and economic development project grants to small communities across rural Minnesota and for CEDA to design, implement, market, and administer specific types of basic community and economic development programs tailored to individual community needs. Technical assistance grants shall be based on need and given to communities that are otherwise unable to afford these services. Of the amount appropriated, up to \$270,000 may be used for economic development project implementation in conjunction with the technical assistance received. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available the second year.

(kk) \$2,000,000 the first year is for a grant to WomenVenture to:

(1) support child care providers through business training and shared services programs and to create materials that could be used, free of charge, for start-up, expansion, and operation of child care businesses statewide, with the goal of helping new and existing child care businesses in underserved areas of the state become profitable and sustainable; and

(2) support business expansion for women food entrepreneurs throughout Minnesota's food supply chain to help stabilize and strengthen their business operations, create distribution networks, offer technical assistance and support to beginning women food entrepreneurs, develop business plans, develop a workforce, research expansion strategies, and for other related activities.

Eligible uses of the money include but are not limited to:

(i) leasehold improvements;

(ii) additions, alterations, remodeling, or renovations to rented space;

(iii) inventory or supplies;

(iv) machinery or equipment purchases;

(v) working capital; and

(vi) debt refinancing.

Money distributed to entrepreneurs may be loans, forgivable loans, and grants. Of this amount, up to five percent may be used for the WomenVenture's technical assistance and administrative costs. This is a onetime appropriation and is available until June 30, 2026.

By December 15, 2026, WomenVenture must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and employment and economic development. The report must include a summary of the uses of the appropriation, including the amount of the appropriation used for administration. The report must also provide a breakdown of the amount of funding used for loans, forgivable loans, and grants; information about the terms of the loans issued; a discussion of how money from repaid loans will be used; the number of entrepreneurs assisted; and a breakdown of how many entrepreneurs received assistance in each county.

(ll) \$2,000,000 the first year is for a grant to African Career, Education, and Resource, Inc., for operational infrastructure and technical assistance to small businesses. This appropriation is available until June 30, 2025.

(mm) \$5,000,000 the first year is for a grant to the African Development Center to provide loans to purchase commercial real estate and to expand organizational infrastructure. This appropriation is available until June 30, 2025. Of this amount:

(1) \$2,800,000 is for loans to purchase commercial real estate targeted at African immigrant small business owners;

(2) \$364,000 is for loan loss reserves to support loan volume growth and attract additional capital;

(3) \$836,000 is for increasing organizational capacity;

(4) \$300,000 is for the safe 2 eat project of inclusive assistance with required restaurant licensing examinations; and

(5) \$700,000 is for a center for community resources for language and technology assistance for small businesses.

(nn) \$7,000,000 the first year is for grants to the Minnesota Initiative Foundations to capitalize their revolving loan funds, which address unmet financing needs of for-profit business start-ups, expansions, and ownership transitions; nonprofit organizations; and developers of housing to support the construction, rehabilitation, and conversion of housing units. Of the amount appropriated:

(1) \$1,000,000 is for a grant to the Southwest Initiative Foundation;

(2) \$1,000,000 is for a grant to the West Central Initiative Foundation;

(3) \$1,000,000 is for a grant to the Southern Minnesota Initiative Foundation;

(4) \$1,000,000 is for a grant to the Northwest Minnesota Foundation;

(5) \$2,000,000 is for a grant to the Initiative Foundation of which \$1,000,000 is for redevelopment of the St. Cloud Youth and Family Center; and

(6) \$1,000,000 is for a grant to the Northland Foundation.

(oo) \$500,000 each year is for a grant to Enterprise Minnesota, Inc., to reach and deliver talent, leadership, employee retention, continuous improvement, strategy, quality management systems, revenue growth, and manufacturing peer-to-peer advisory services to small manufacturing companies employing 35 or fewer full-time equivalent employees. This is a onetime appropriation. No later than February 1, 2025, and February 1, 2026, Enterprise Minnesota, Inc., must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development that includes:

(1) the grants awarded during the past 12 months;

(2) the estimated financial impact of the grants awarded to each company receiving services under the program;

(3) the actual financial impact of grants awarded during the past 24 months; and

(4) the total amount of federal funds leveraged from the Manufacturing Extension Partnership at the United States Department of Commerce.

(pp) \$375,000 each year is for a grant to PFund Foundation to provide grants to LGBTQ+-owned small businesses and entrepreneurs. Of this amount, up to five percent may be used for PFund Foundation's technical assistance and administrative costs. This is a onetime appropriation and is available until June 30, 2026. To the extent practicable, money must be distributed by PFund Foundation as follows:

(1) at least 33.3 percent to businesses owned by members of racial minority communities; and

(2) at least 33.3 percent to businesses outside of the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(qq) \$125,000 each year is for a grant to Quorum to provide business support, training, development, technical assistance, and related activities for LGBTQ+-owned small businesses that are recipients of a PFund Foundation grant. Of this amount, up to five percent may be used for Quorum's technical assistance and administrative costs. This is a onetime appropriation and is available until June 30, 2026.

(rr) \$5,000,000 the first year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services to minority-owned businesses. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available the second year. Of this amount:

(1) \$3,000,000 is for a revolving loan fund to provide additional minority-owned businesses with access to capital; and

(2) \$2,000,000 is for operating support activities related to business development and assistance services for minority business enterprises.

By February 1, 2025, MEDA shall report to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over economic development policy and finance on the loans and operating support activities, including outcomes and expenditures, supported by the appropriation under this paragraph.

(ss) \$2,500,000 each year is for a grant to a Minnesota-based automotive component manufacturer and distributor specializing in electric vehicles and sensor technology that manufactures all of their parts onshore to expand their manufacturing. The grant recipient under this paragraph shall submit reports on the uses of the money appropriated, the number of jobs created due to the appropriation, wage information, and the city and state in which the additional manufacturing activity was located to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development. An initial report shall be submitted by December 15, 2023, and a final report is due by December 15, 2025. This is a onetime appropriation.

(tt)(1) \$125,000 each year is for grants to the Latino Chamber of Commerce Minnesota to support the growth and expansion of small businesses statewide. Funds may be used for the cost of programming, outreach, staffing, and supplies. This is a onetime appropriation.

(2) By January 15, 2026, the Latino Chamber of Commerce Minnesota must submit a report to the legislative committees with jurisdiction over economic development that details the use of grant funds and the grant's economic impact.

(uu) \$175,000 the first year is for a grant to the city of South St. Paul to study options for repurposing the 1927 American Legion Memorial Library after the property is no longer used as a library. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(vv) \$250,000 the first year is for a grant to LatinoLEAD for organizational capacity-building.

(ww) \$80,000 the first year is for a grant to the Neighborhood Development Center for small business competitive grants to software companies working to improve employee engagement and workplace culture and to reduce turnover.

(xx)(1) \$3,000,000 in the first year is for a grant to the Center for Economic Inclusion for strategic, data-informed investments in job creation strategies that respond to the needs of underserved populations statewide. This may include forgivable loans, revenue-based financing, and equity investments for entrepreneurs with barriers to growth. Of this amount, up to five percent may be used for the center's technical assistance and administrative costs. This appropriation is available until June 30, 2025.

(2) By January 15, 2026, the Center for Economic Inclusion shall submit a report on the use of grant funds, including any loans made, to the legislative committees with jurisdiction over economic development.

(yy) \$500,000 the first year is for a grant to the Asian Economic Development Association for asset building and financial empowerment for entrepreneurs and small business owners, small business development and technical assistance, and cultural placemaking. This is a onetime appropriation.

(zz) \$500,000 each year is for a grant to Isuroon to support primarily African immigrant women with entrepreneurial training to start, manage, and grow self-sustaining microbusinesses, develop incubator space for these businesses, and provide support with financial and language literacy, systems navigation to eliminate capital access disparities, marketing, and other technical assistance. This is a onetime appropriation.

EFFECTIVE DATE. This section is effective retroactively to July 1, 2023.

Sec. 2. Laws 2023, chapter 53, article 20, section 2, subdivision 3, as amended by Laws 2024, chapter 120, article 1, section 7, is amended to read:

Subd. 3. Employment and Training Programs	112,038,000	104,499,000
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Appropriations by Fund

	2024	2025
General	91,036,000	83,497,000
Workforce Development	21,002,000	21,002,000

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

(b) \$25,000,000 each year is for the targeted population workforce grants under Minnesota Statutes, section 116L.43. The department may use up to five percent of this appropriation for administration, monitoring, and oversight of the program. Of this amount:

(1) \$18,500,000 each year is for job and entrepreneurial skills training grants under Minnesota Statutes, section 116L.43, subdivision 2;

(2) \$1,500,000 each year is for diversity and inclusion training for small employers under Minnesota Statutes, section 116L.43, subdivision 3; and

(3) \$5,000,000 each year is for capacity building grants under Minnesota Statutes, section 116L.43, subdivision 4.

The base for this appropriation is \$1,275,000 in fiscal year 2026 and each year thereafter.

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

(d) \$10,000,000 each year is for the Drive for Five Initiative to conduct outreach and provide job skills training, career counseling, case management, and supportive services for careers in (1) technology, (2) labor, (3) the caring professions, (4) manufacturing, and (5) educational and professional services. This is a onetime appropriation.

(e) Of the amounts appropriated in paragraph (d), the commissioner must make \$7,000,000 each year available through a competitive request for proposal process. The grant awards must be used to provide education and training in the five industries identified in paragraph (d). Education and training may include:

- (1) student tutoring and testing support services;
- (2) training and employment placement in high wage and high growth employment;
- (3) assistance in obtaining industry-specific certifications;
- (4) remedial training leading to enrollment in employment training programs or services;
- (5) real-time work experience;
- (6) career and educational counseling;
- (7) work experience and internships; and
- (8) supportive services.

(f) Of the amount appropriated in paragraph (d), \$2,000,000 each year must be awarded through competitive grants made to trade associations or chambers of commerce for job placement services. Grant awards must be used to encourage workforce training efforts to ensure that efforts are aligned with employer demands and that graduates are connected with employers that are currently hiring. Trade associations or chambers must partner with employers with current or anticipated employment opportunities and nonprofit workforce training partners participating in this program. The trade associations or chambers must work closely with the industry sector training providers in the five industries identified in paragraph (d). Grant awards may be used for:

- (1) employer engagement strategies to align employment opportunities for individuals exiting workforce development training programs. These strategies may include business recruitment, job opening development, employee recruitment, and job matching. Trade associations must utilize the state's labor exchange system;
- (2) diversity, inclusion, and retention training of their members to increase the business' understanding of welcoming and retaining a diverse workforce; and
- (3) industry-specific training.

(g) Of the amount appropriated in paragraph (d), \$1,000,000 each year is to hire, train, and deploy business services representatives in local workforce development areas throughout the state. Business services representatives must work with an assigned local workforce development area to address the hiring needs of Minnesota's businesses by connecting job seekers and program participants in the CareerForce system. Business services representatives serve in the classified service of the state and operate as part of the agency's Employment and Training Office. The commissioner shall develop and implement training materials and reporting and evaluation procedures for the activities of the business services representatives. The business services representatives must:

- (1) serve as the primary contact for businesses in that area;
 - (2) actively engage employers by assisting with matching employers to job seekers by referring candidates, convening job fairs, and assisting with job announcements; and
 - (3) work with the local area board and its partners to identify candidates for openings in small and midsize companies in the local area.
- (h) \$2,546,000 each year from the general fund and \$4,604,000 each year from the workforce development fund are for the pathways to prosperity competitive grant program. Of this amount, up to five percent is for administration and monitoring of the program.
- (i) \$500,000 each year is from the workforce development fund for current Minnesota affiliates of OIC of America, Inc. This appropriation shall be divided equally among the eligible centers.
- (j) \$1,000,000 each year is for competitive grants to organizations providing services to relieve economic disparities in the Southeast Asian community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program.
- (k) \$1,000,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, job assistance to parents, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this section must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. Of this amount, up to five percent is for administration and monitoring of the program.

(l) \$750,000 each year from the general fund and \$6,698,000 each year from the workforce development fund are for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. The base for this appropriation is \$750,000 from the general fund and \$3,348,000 from the workforce development fund beginning in fiscal year 2026 and each year thereafter.

(m) \$1,093,000 each year is from the general fund and \$1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366. The base for this appropriation is \$1,000,000 from the workforce development fund in fiscal year 2026 and each year thereafter.

(n) \$4,511,000 each year from the general fund and \$4,050,000 each year from the workforce development fund are for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561. The base for this appropriation is \$0 from the general fund and \$4,050,000 from the workforce development fund in fiscal year 2026 and each year thereafter.

(o) \$750,000 each year is for the Office of New Americans under Minnesota Statutes, section 116J.4231.

(p) \$1,000,000 each year from the workforce development fund is for a grant to the Minnesota Technology Association to support the SciTech internship program, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students and graduate students in their fields of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in Minnesota having fewer than 250 employees worldwide. At least 325 students must be matched each year. No more than 15 percent of the hires may be graduate students. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at \$3,000 per intern. The program must work toward increasing the participation among women or other underserved populations. This is a onetime appropriation.

(q) \$750,000 each year is for grants to the Minneapolis Park and Recreation Board's Teen Teamworks youth employment and training programs. This is a onetime appropriation and available until June 30, 2027. Any unencumbered balance remaining at the end of the first year does not cancel but is available in the second year.

(r) \$900,000 each year is for a grant to Avivo to provide low-income individuals with career education and job skills training that is fully integrated with chemical and mental health services. Of this amount, up to \$250,000 each year is for a grant to Avivo to provide resources and support services to survivors of sex trafficking and domestic abuse in the greater St. Cloud area as they search for employment. Program resources include but are not limited to costs for day care, transportation, housing, legal advice, procuring documents required for employment, interview clothing, technology, and Internet access. The program shall also include public outreach and corporate training components to communicate to the public and potential employers about the specific struggles faced by survivors as they re-enter the workforce. This is a onetime appropriation.

(s) \$1,000,000 each year is for the getting to work grant program under Minnesota Statutes, section 116J.545. Of this amount, up to five percent is for administration and monitoring of the program. This is a onetime appropriation.

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

(u) \$463,000 the first year is for a grant to the Boys and Girls Club of Central Minnesota. This is a onetime appropriation. Of this amount:

(1) \$313,000 is to fund one year of free full-service programming for a new program in Waite Park that will employ part-time youth development staff and provide community volunteer opportunities for people of all ages. Career exploration and life skills programming will be a significant dimension of programming at this new site; and

(2) \$150,000 is for planning and design for a new multiuse facility for the Boys and Girls Club of Waite Park and other community partners, including the Waite Park Police Department and the Whitney Senior Center.

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

(w) \$1,000,000 the first year is for a grant to the Owatonna Area Chamber of Commerce Foundation for the Learn and Earn Initiative to help the Owatonna and Steele County region grow and retain a talented workforce. This is a onetime appropriation and is available until June 30, 2025. Of this amount:

(1) \$900,000 is to develop an advanced manufacturing career pathway program for youth and adult learners with shared learning spaces, state-of-the-art equipment, and instructional support to grow and retain talent in Owatonna; and

(2) \$100,000 is to create the Owatonna Opportunity scholarship model for the Learn and Earn Initiative for students and employers.

(x) \$250,000 each year from the workforce development fund is for a grant to the White Bear Center for the Arts for establishing a paid internship program for high school students to learn professional development skills through an arts perspective. This is a onetime appropriation.

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

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

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

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

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

(aa) \$1,500,000 each year from the workforce development fund is for a grant to Ujamaa Place to assist primarily African American men with job training, employment preparation, internships, education, vocational housing, and organizational capacity building. This is a onetime appropriation.

(bb) \$500,000 each year is for a grant to Comunidades Organizando el Poder y la Acción Latina (COPAL) for worker center programming that supports primarily low-income, migrant, and Latinx workers with career planning, workforce training and education, workers' rights advocacy, health resources and navigation, and wealth creation resources. This is a onetime appropriation.

(cc) \$2,000,000 each year is for a grant to Propel Nonprofits to provide capacity-building grants and related technical assistance to small, culturally specific organizations that primarily serve historically underserved cultural communities. Propel Nonprofits may only award grants to nonprofit organizations that have an annual organizational budget of less than \$1,000,000. These grants may be used for:

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

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

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

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

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

(ee) \$250,000 the first year is for a grant to the ProStart and Hospitality Tourism Management Program for a well-established, proven, and successful education program that helps young people advance careers in the hospitality industry and addresses critical long-term workforce shortages in that industry.

(ff) \$450,000 each year is for grants to Minnesota Diversified Industries to provide inclusive employment opportunities and services for people with disabilities. This is a onetime appropriation.

(gg) \$1,000,000 the first year is for a grant to Minnesota Diversified Industries to assist individuals with disabilities through the unified work model by offering virtual and in-person career skills classes augmented with virtual reality tools. Minnesota Diversified Industries shall submit a report on the number and demographics of individuals served, hours of career skills programming delivered, outreach to employers, and recommendations for future career skills delivery methods to the chairs and ranking minority members of the legislative committees with jurisdiction over labor and workforce development policy and finance by January 15, 2026. This is a onetime appropriation and is available until June 30, 2025.

(hh) \$1,264,000 each year is for a grant to Summit Academy OIC to expand employment placement, GED preparation and administration, and STEM programming in the Twin Cities, Saint Cloud, and Bemidji. This is a onetime appropriation.

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

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

(kk) \$350,000 the first year and \$25,000 the second year are for a grant to the University of Minnesota Tourism Center for the creation and operation of an online hospitality training program in partnership with Explore Minnesota Tourism. This training program must be made available at no cost to Minnesota residents in an effort to address critical workforce shortages in the hospitality and tourism industries and assist in career development. The base for this appropriation is \$25,000 in fiscal year 2026 and each year thereafter for ongoing system maintenance, management, and content updates.

(ll) \$3,000,000 the first year is for competitive grants to support high school robotics teams and prepare youth for careers in STEM fields. Of this amount, \$2,000,000 is for creating internships for high school students to work at private companies in STEM fields, including the payment of student stipends. This is a onetime appropriation and is available until June 30, 2028.

(mm) \$750,000 each year is for grants to the nonprofit Sanneh Foundation to fund out-of-school and summer programs focused on mentoring and behavioral, social, and emotional learning interventions and enrichment activities directed toward low-income students of color. This is a onetime appropriation and available until June 30, 2027.

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

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

(pp) \$300,000 each year is for a grant to All Square. The grant must be used to support the operations of All Square's Fellowship and Prison to Law Pipeline programs which operate in Minneapolis, St. Paul, and surrounding correctional facilities to assist incarcerated and formerly incarcerated Minnesotans in overcoming employment barriers that prevent economic and emotional freedom. This is a onetime appropriation.

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

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

(ss) \$3,000,000 each year is for a grant to Community Action Partnership of Hennepin County. This is a onetime appropriation. Of this amount:

(1) \$1,500,000 each year is for grants to 21 Days of Peace for social equity building and community engagement activities; and

(2) \$1,500,000 each year is for grants to A Mother's Love for community outreach, empowerment training, and employment and career exploration services.

(tt) \$750,000 each year is for a grant to Mind the G. A. P. P. (Gaining Assistance to Prosperity Program) to improve the quality of life of unemployed and underemployed individuals by improving their employment outcomes and developing individual earnings potential. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available in the second year.

(uu) \$550,000 each year is for a grant to the International Institute of Minnesota. Grant money must be used for workforce training for new Americans in industries in need of a trained workforce. This is a onetime appropriation.

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

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

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

(yy) \$275,000 each year is for a grant to Southeast Minnesota Workforce Development Area 8 and Workforce Development, Inc., to provide career planning, career pathway training and education, wraparound support services, and job skills advancement in high-demand careers to individuals with barriers to employment in Steele County, and to help families build secure pathways out of poverty and address worker shortages in the Owatonna and Steele County area, as well as supporting Employer Outreach Services that provide solutions to workforce challenges

and direct connections to workforce programming. Money may be used for program expenses, including but not limited to hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. Up to five percent of grant money may be used for Workforce Development, Inc.'s administrative costs. This is a onetime appropriation and is available until June 30, 2027.

(zz) \$589,000 the first year and \$588,000 the second year are for grants to the Black Women's Wealth Alliance to provide low-income individuals with job skills training, career counseling, and job placement assistance. This is a onetime appropriation.

(aaa) \$250,000 each year is for a grant to Abijahs on the Backside to provide equine experiential mental health therapy to first responders suffering from job-related trauma and post-traumatic stress disorder. For purposes of this paragraph, a "first responder" is a peace officer as defined in Minnesota Statutes, section 626.84, subdivision 1, paragraph (c); a full-time firefighter as defined in Minnesota Statutes, section 299N.03, subdivision 5; or a volunteer firefighter as defined in Minnesota Statutes, section 299N.03, subdivision 7.

Abijahs on the Backside must report to the commissioner of employment and economic development and the chairs and ranking minority members of the legislative committees with jurisdiction over employment and economic development policy and finance on the equine experiential mental health therapy provided to first responders under this paragraph. The report must include an overview of the program's budget, a detailed explanation of program expenditures, the number of first responders served by the program, and a list and explanation of the services provided to and benefits received by program participants. An initial report is due by January 15, 2024, and a final report is due by January 15, 2026. This is a onetime appropriation.

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

(ccc) \$500,000 each year is for a grant to Ramsey County for a technology training pathway program focused on intergenerational community tech work for residents who are at least 18 years old and no more than 24 years old and whose household income is at or below 200 percent of the federal poverty level. Grant money may be used for program administration, training, training stipends, wages, and support services. This is a onetime appropriation and is available until December 31, 2027.

(ddd) \$200,000 each year is for a grant to Project Restore Minnesota for the Social Kitchen project, a pathway program for careers in the culinary arts. This is a onetime appropriation and is available until June 30, 2027.

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

(fff) \$1,200,000 each year is for a grant to Twin Cities R!SE. Of this amount, \$700,000 each year is for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to individuals facing barriers to employment; and \$500,000 each year is to increase the capacity of the Empowerment Institute through employer partnerships across Minnesota and expansion of the youth personal empowerment curriculum. This is a onetime appropriation and available until June 30, 2026.

(ggg) \$750,000 each year is for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, helping families build secure pathways out of poverty while also addressing worker shortages in one of Minnesota's most innovative industries. Grants may be used for program expenses, including but not limited to hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. In addition, up to five percent of grant money may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation.

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

(iii) \$3,000,000 each year is for a grant to Youthprise to provide economic development services designed to enhance long-term economic self-sufficiency in communities with concentrated African populations statewide. ~~Of these amounts, 50 percent is for subgrants to Ka Joog and 50 percent is for competitive subgrants to community organizations by offering subgrants to community organizations.~~ This is a onetime appropriation and money is available until June 30, 2026.

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

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

(lll) \$425,000 each year is for a grant to Better Futures Minnesota to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. This is a onetime appropriation.

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

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

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

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

(ppp) \$500,000 each year is for a grant to Al Maa'uun, formerly the North at Work program, for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living wage employment. This is a onetime appropriation.

(qqq) \$500,000 each year is for a grant to CAIRO to provide workforce development services in health care, technology, and transportation (CDL) industries. This is a onetime appropriation.

(rrr) \$500,000 each year is for a grant to the Central Minnesota Community Empowerment Organization for providing services to relieve economic disparities in the African immigrant community

through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program. This is a onetime appropriation.

(sss) \$270,000 each year is for a grant to the Stairstep Foundation for community-based workforce development efforts. This is a onetime appropriation.

(ttt) \$400,000 each year is for a grant to Building Strong Communities, Inc, for a statewide apprenticeship readiness program to prepare women, BIPOC community members, and veterans to enter the building and construction trades. This is a onetime appropriation.

(uuu) \$150,000 each year is for prevailing wage staff under Minnesota Statutes, section 116J.871, subdivision 2.

(vvv) \$250,000 each year is for the purpose of awarding a grant to Minnesota Community of African People with Disabilities (MNCAPD), Roots Connect, and Fortune Relief and Youth Empowerment Organization (FRAYEO). This is a onetime appropriation. MNCAPD, Roots Connect, and FRAYEO must use grant proceeds to provide funding for workforce development activities for at-risk youth from low-income families and unengaged young adults experiencing disabilities, including:

- (1) job readiness training for at-risk youth, including resume building, interview skills, and job search strategies;
- (2) on-the-job training opportunities with local businesses;
- (3) support services such as transportation assistance and child care to help youth attend job training programs; and
- (4) mentorship and networking opportunities to connect youth with professionals in the youth's desired fields.

(www)(1) \$250,000 each year is for a grant to Greater Rochester Advocates for Universities and Colleges (GRAUC), a collaborative organization representing health care, business, workforce development, and higher education institutions, for expenses relating to starting up a state-of-the-art simulation center for training health care workers in southeast Minnesota. Once established, this center must be self-sustaining through user fees. Eligible expenses include leasing costs, developing and providing training, and operational costs. This is a onetime appropriation.

- (2) By January 15, 2025, GRAUC must submit a report, including an independent financial audit of the use of grant money, to the chairs and ranking minority members of the legislative committees

having jurisdiction over higher education and economic development. This report must include details on the training provided at the simulation center, including the names of all organizations that use the center for training, the number of individuals each organization trained, and the type of training provided.

(xxx)(1) \$350,000 each year is for a grant to the Minnesota Association of Black Lawyers for a pilot program supporting black undergraduate students pursuing admission to law school. This is a onetime appropriation.

(2) The program must:

(i) enroll an initial cohort of ten to 20 black Minnesota resident students attending a baccalaureate degree-granting postsecondary institution in Minnesota full time;

(ii) support each of the program's students with an academic scholarship in the amount of \$4,000 per academic year;

(iii) organize events and programming, including but not limited to one-on-one mentoring, to familiarize enrolled students with law school and legal careers; and

(iv) provide the program's students free test preparation materials, academic support, and registration for the Law School Admission Test (LSAT) examination.

(3) The Minnesota Association of Black Lawyers may use grant funds under clause (1) for costs related to:

(i) student scholarships;

(ii) academic events and programming, including food and transportation costs for students;

(iii) LSAT preparation materials, courses, and registrations; and

(iv) hiring staff for the program.

(4) By January 30, 2024, and again by January 30, 2025, the Minnesota Association of Black Lawyers must submit a report to the commissioner and to the chairs and ranking minority members of legislative committees with jurisdiction over workforce development finance and policy and higher education finance and policy. The report must include an accurate and detailed account of the pilot program, its outcomes, and its revenues and expenses, including the use of all state funds appropriated in clause (1).

(yyy) \$2,000,000 the first year is for a grant to the Power of People Leadership Institute (POPLI) to expand pre- and post-release personal development and leadership training and community reintegration services, to reduce recidivism, and increase access to employment. This is a onetime appropriation and is available until June 30, 2025.

(zzz) \$500,000 the first year is to the Legislative Coordinating Commission for the Working Group on Youth Interventions. This is a onetime appropriation.

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

Sec. 3. Laws 2023, chapter 53, article 21, section 7, as amended by Laws 2024, chapter 120, article 1, section 12; and Laws 2024, chapter 125, article 8, section 9, is amended to read:

Sec. 7. **APPROPRIATIONS.**

(a) \$50,000,000 in fiscal year 2024 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development ~~for providing businesses with matching funds required by federal programs.~~ Money awarded under this program is made retroactive to February 1, 2023, for applications and projects. The commissioner may use up to two percent of this appropriation for administration. This is a onetime appropriation and is available until ~~June 30, 2027~~ spent. ~~Any funds that remain unspent are canceled to the general fund.~~

(b) \$100,000,000 in fiscal year 2024 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development to match existing federal funds made available in the Consolidated Appropriations Act, Public Law 117-328. This appropriation must be used to (1) construct and operate a bioindustrial manufacturing pilot innovation facility, biorefinery, or commercial campus utilizing agricultural feedstocks or (2) for a Minnesota aerospace center for research, development, and testing, or both (1) and (2). This appropriation is not subject to the grant limit requirements of Minnesota Statutes, section 116J.8752, subdivisions 4, paragraph (b), and 5. Notwithstanding Minnesota Statutes, section 116J.8752, subdivision 4, paragraph (a), this appropriation may include land acquisition as an eligible use to construct a bioindustrial manufacturing pilot innovation facility, a biorefinery, and an aerospace center for research, development, and testing. The commissioner may use up to two percent of this appropriation for administration. This is a onetime appropriation and is available until ~~June 30, 2027~~ spent. ~~Any funds that remain unspent are canceled to the general fund.~~

(c) \$240,000,000 in fiscal year 2024 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development to match federal funds made available in the Chips and Science Act, Public Law 117-167. Money awarded under this program is made retroactive to February 1, 2023, for applications and projects. This appropriation is not subject to Minnesota Statutes, section 116J.8752, subdivision 5. The commissioner may use up two percent for administration. This is a onetime appropriation and is available until ~~June 30, 2027~~ spent. ~~Any funds that remain unspent are canceled to the general fund.~~

(d) The commissioner may use the appropriation under paragraph (c) to allocate up to 15 percent of the total project cost with a maximum of \$75,000,000 per project for the purpose of constructing, modernizing, or expanding commercial facilities on the front- and back-end fabrication of leading-edge, current-generation, and mature-node semiconductors; funding semiconductor materials and manufacturing equipment facilities; and for research and development facilities.

(e) The commissioner may use the appropriation under paragraph (c) to award:

(1) grants to institutions of higher education for developing and deploying training programs and to build pipelines to serve the needs of industry; and

(2) grants to increase the capacity of institutions of higher education to serve industrial requirements for research and development that coincide with current and future requirements of projects eligible under this section. Grant money may be used to construct and equip facilities that serve the purpose of the industry. The maximum grant award per institution of higher education under this section is \$5,000,000 and may not represent more than 50 percent of the total project funding from other sources. Use of this funding must be supported by businesses receiving funds under clause (1).

(f) Money appropriated in paragraphs (a), (b), and (c) may be transferred between appropriations within the Minnesota forward fund account by the commissioner of employment and economic development with approval of the commissioner of management and budget. The commissioner must notify the Legislative Advisory Commission at least 15 days prior to changing appropriations under this paragraph.

Sec. 4. Laws 2023, chapter 64, article 15, section 30, is amended to read:

Sec. 30. APPROPRIATION; CITY OF MINNEAPOLIS; GRANT.

(a) \$10,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of employment and economic development for a grant to the city of Minneapolis. This is a onetime appropriation. ~~The grant must be paid by July 15, 2023.~~ The city of Minneapolis may use up to one percent of the grant for administrative costs. This appropriation is available until June 30, 2027.

(b) Of the amount granted to the city of Minneapolis under paragraph (a), \$8,000,000 must be used for a grant to a foundation that provides business advising, branding and marketing support, and real estate consulting to businesses located on Lake Street in Minneapolis, between 30th Avenue South and Nicollet Avenue. The organization must use the funds for direct business support or direct corridor support, including assistance with marketing, placemaking, and public relations services.

(c) Of the amount granted to the city of Minneapolis under paragraph (a), \$2,000,000 must be used for property acquisition in the city of Minneapolis at 1860 28th Street East and 2717 Longfellow Avenue.

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

Sec. 5. Laws 2024, chapter 120, article 1, section 2, subdivision 3, is amended to read:

Subd. 3. **Employment and Training Programs** \$-0- \$12,207,000

Appropriations by Fund

	2024	2025
General	-0-	50,000
Workforce		
Development	-0-	12,157,000

(a) \$400,000 the second year is from the workforce development fund for a grant to Sabathani Community Center for specialized community outreach and engagement, a marketing and

communication plan, program evaluation, personal empowerment training for men, empowerment and truancy curriculum for youth, wellness training for seniors, a workforce strategies mentorship and jobs training program, a 15-passenger van, and service kiosks for the Sabathani Community Center, including a onetime paid internship to support these programs. This is a onetime appropriation.

(b) \$700,000 the second year is from the workforce development fund for a grant to the Shakopee Chamber Foundation for the Shakopee area workforce development scholarship pilot program. This is a onetime appropriation and is available until June 30, 2027. The commissioner of employment and economic development may enter into an interagency agreement with the Office of Higher Education, including agreements to transfer funds and to administer the program.

(c) \$100,000 the second year is from the workforce development fund for a grant to Inspire Change Clinic for their health care fellowship program designed to create pathways to medicine for high school and college students interested in pursuing a career in the health care workforce. The health care fellowship program is intended to remove barriers for minority students, foster inclusivity and diversity in the health care sector, and provide valuable opportunities for students, including mentorship programs, access to renowned health institutions in the state of Minnesota, and hands-on work experience. In addition to the reporting requirements in section 14, the commissioner must include the number of participants served by the grant and provide information about program outcomes. This is a onetime appropriation.

(d) \$250,000 the second year is from the workforce development fund for a grant to Bolder Options Youth Mentoring Program to provide disadvantaged youth ages 12 to 22 with intensive one-to-one wellness, goal-setting, and academic-focused mentorship; programming that teaches life and job-seeking skills; career and college achievement coaches; and connections to employment, job training, and education opportunities. The grant must serve youth in the Bolder Options program in the Twin Cities and the city of Rochester. In addition to the reporting requirements in section 14, the commissioner must include the number of participants served by the grant. This is a onetime appropriation.

(e) \$1,000,000 the second year is from the workforce development fund for a grant to Change Starts With Community for a violence prevention program. Grant money must be used to establish a comprehensive workforce development initiative, specifically tailored for at-risk youth and adults, located on site at Shiloh Cares Food Shelf in the city of Minneapolis. This is a onetime appropriation.

(f) \$100,000 the second year is from the workforce development fund for a grant to InspireMSP to develop programming to assist middle school-aged children in Minneapolis and St. Paul to develop an interest in and connect with the creative industry in Minnesota. Money must be used for program development and career exploration in the creative industry for historically excluded youth by providing access to essential resources, networks, and hands-on experience. This is a onetime appropriation.

(g) \$100,000 the second year is from the workforce development fund for a grant to Lake County Ambulance Service to establish a training program for Cook County and Lake County high school students interested in pursuing careers as emergency medical technicians. This is a onetime appropriation.

(h) \$350,000 the second year is from the workforce development fund for a grant to the city of Austin to develop and implement training programs for water operators and wastewater operators. Riverland Community College must offer the training programs. This is a onetime appropriation and is available until June 30, 2027. Of this amount, the city of Austin may use up to five percent for administration of the program. The commissioner must provide an annual report by January 5 of each year until January 5, 2028, regarding the use of grant funds under this paragraph to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development and higher education. The report must include the number of students enrolled and number of students who have completed courses funded by this appropriation.

(i) \$250,000 the second year is from the workforce development fund for a grant to the Greater Minneapolis Council of Churches for a STEM training and career preparation program targeted at the needs of BIPOC youth. The program shall serve youth who are at least 11 years of age and less than 24 years of age and shall provide career training, job skills development, mentorship, and employment opportunities. This is a onetime appropriation and is available until June 30, 2027.

(j) \$200,000 the second year is from the workforce development fund and is for a grant to the Jobs Foundation for direct training, support services, safety enhancements, and economic support for formerly incarcerated individuals participating in the Repowered work readiness program. This is a onetime appropriation.

(k) \$100,000 the second year is from the workforce development fund for a grant to the North Minneapolis Pet Resource Center, also known as Mypitbullisfamilycom. Inc, Community Animal Medicine Professionals (CAMP) program to provide training, professional development workshops, mentorship and leadership programs, and develop recruitment and retention strategies. This is a onetime appropriation.

(l) \$1,000,000 the second year is from the workforce development fund and is for a grant to African Immigrants Community Services for workforce development for new Americans. This is a onetime appropriation.

(m) \$1,000,000 the second year is from the workforce development fund and is for a grant to WomenVenture for supporting child care providers by providing business training, mentorship, services, and educational materials, by facilitating shared administrative staff and pooled management of services such as banking and payroll, by providing child care management software and software training, and by distributing subgrants and loans, which may be forgivable at WomenVenture's discretion. This is a onetime appropriation and is available until June 30, 2027.

(n) \$1,000,000 the second year is from the workforce development fund and is for a grant to the Black Chamber of Commerce for technical support to Black-owned small businesses, for implementing initiatives to address barriers facing the Black business community, and for networking, mentorship, and training programs. This is a onetime appropriation and is available until June 30, 2027.

(o) \$250,000 the second year is from the workforce development fund and is for a grant to the Karen Organization of Minnesota for job training and financial support and incentives for job training participants. This is a onetime appropriation.

(p) \$100,000 the second year is from the workforce development fund and is for a grant to Indigenous Roots for soft skills training and career readiness training for youth. This is a onetime appropriation.

(q) \$100,000 the second year is from the workforce development fund and is for a grant to Ramsey County for a subgrant with People in Action to provide workforce development programming. This amount is available until June 30, 2026, and 40 percent of the amount must be expended within the city of St. Paul. Grants provided by People in Action must be awarded through at least two requests for proposals. This is a onetime appropriation.

(r) \$500,000 the second year is from the workforce development fund and is for a grant to the Metro Youth Diversion Center to support its Youth-Care Assessment and Readiness Education program to enhance workforce development opportunities for youth with a focus on underrepresented East African students. This is a onetime appropriation.

(s) \$174,000 the second year is from the workforce development fund and is for a grant to Independent School District No. 709, Duluth, for a software subscription to facilitate the career planning of students. This is a onetime appropriation.

(t) \$171,000 the second year is from the workforce development fund and is for a grant to Independent School District No. 704, Proctor, to develop a regional career and technical education program to serve Independent School District No. 704, Proctor, Independent School District No. 700, Hermantown, and Independent School District No. 99, Esko. This is a onetime appropriation.

(u) \$1,000,000 the second year is from the workforce development fund and is for a grant to the city of Brooklyn Park for the Brooklyn Park Small Business Center and for the city to expand the workforce development programming of Brooklyn Park and Brooklyn Center through workforce development programs serving primarily underrepresented populations, including such programs as Brooklynk, Career Pathways, Youth Entrepreneurship, and Community Partnership. This is a onetime appropriation and is available until June 30, 2027.

(v) \$500,000 the second year is from the workforce development fund and is for a grant to Riverside Plaza Tenant Association to address employment, economic, and technology access disparities for low-income unemployed or underemployed individuals through training in health care, technology, and construction or skilled trades industries. This is a onetime appropriation.

(w) \$300,000 the second year is from the workforce development fund and is for a grant to African Career, Education, and Resources, Inc., to develop a program for health care skills training and computer skills training in collaboration with the Organization of Liberians in Minnesota. This is a onetime appropriation.

(x) \$75,000 the second year is from the workforce development fund and is for a grant to Equitable Development Action for it to fund programs and provide technical assistance to underserved businesses. This is a onetime appropriation.

(y) \$50,000 the second year is from the workforce development fund and is for a grant to HIRPHA International for use on youth apprenticeships, entrepreneurship training, computer skills, and work readiness training. This is a onetime appropriation.

(z) \$200,000 the second year is from the workforce development fund and is for a grant to YWCA St. Paul for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living wage employment. This is a onetime appropriation.

(aa) \$50,000 the second year is from the workforce development fund and is for a grant to United Senior Lao American Association to provide job and skills training for an underserved population. This is a onetime appropriation.

(bb) \$100,000 the second year is from the workforce development fund and is for a grant to Hmong American Farmers Association for workforce readiness, employment exploration, and skills development. This is a onetime appropriation.

(cc) \$240,000 the second year is from the workforce development fund and is for a grant to MN Zej Zog for workforce readiness, employment exploration, and skills development. This is a onetime appropriation.

(dd) \$100,000 the second year is from the workforce development fund and is for a grant to Ramsey County for a Justice Impact Navigator to support Ramsey County residents who have a justice impact or who are reentering the community after incarceration to connect to resources with a focus on employment and training supports. Funds must be used for a navigator pilot and other administrative expenses such as outreach, marketing, and resources for residents. This is a onetime appropriation.

(ee) \$100,000 the second year is from the workforce development fund and is for a grant to Ramsey County for a Digital Equity Specialist to support Ramsey County residents with digital literacy resources and skills to connect to employment and training supports. Funds must be used for a digital navigator pilot serving in Ramsey County Career Labs and community-based locations and other administrative expenses, such as outreach, marketing, and resources for residents. This is a onetime appropriation.

(ff) \$100,000 the second year is from the workforce development fund for a grant to Film North to attract a film festival. This is a onetime appropriation. The commissioner of employment and economic development may enter into an interagency agreement with Explore Minnesota, including agreements to transfer funds and administer the grant.

(gg) \$400,000 the second year is from the workforce development fund for a grant to the Twin Cities Urban League for support, capacity building, and expansion of the Work Readiness Program. This is a onetime appropriation.

(hh) \$500,000 the second year is from the workforce development fund for a grant to Arrowhead Opportunity Agency for the purposes of expanding workforce development opportunities ~~in the region~~ through the creation of a regional hub building where services can be provided. Money may be used for the costs of acquiring and refurbishing a building to serve as the hub. This is a onetime appropriation and is available until June 30, 2026.

(ii) \$597,000 the second year is from the workforce development fund for a grant to the Minneapolis Downtown Council for infrastructure and associated costs for the Taste of Minnesota

event, including but not limited to buildout, permits, garbage services, staffing, security, equipment rentals, signage, and insurance. This is a onetime appropriation. The commissioner of employment and economic development may enter into an interagency agreement with Explore Minnesota, including agreements to transfer funds and administer the grant.

(jj) \$50,000 the second year is from the general fund for a grant to Block Builders Foundation. This appropriation must be used for programming targeted toward at-risk youth coaching, financial literacy education, juvenile offender diversion programming, and community outreach. This is a onetime appropriation.

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

Sec. 6. Laws 2024, chapter 120, article 1, section 4, is amended to read:

Sec. 4. **EXPLORE MINNESOTA**

\$-0-

\$4,475,000

(a) \$825,000 the second year is for Explore Minnesota Film. This appropriation is added to the Explore MN base in fiscal year 2026 and each year thereafter.

(b) \$400,000 the second year is for ~~a grant to Ka Joog for~~ Somali community and cultural festivals and events, including festivals and events in greater Minnesota. This is a onetime appropriation and is available until June 30, 2026.

(c) \$2,000,000 the second year is for a grant to the 2026 Special Olympics USA Games to expend on providing food and housing to 2026 Special Olympics USA Games athletes. This is a onetime appropriation.

(d) \$1,250,000 the second year is for a grant to the Minneapolis Downtown Council for infrastructure and associated costs for the Taste of Minnesota event, including but not limited to buildout, permits, garbage services, staffing, security, equipment rentals, signage, and insurance. This is a onetime appropriation.

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

Sec. 7. Laws 2024, chapter 127, article 14, section 3, is amended to read:

Sec. 3. **DEPARTMENT OF LABOR AND INDUSTRY**

\$-0-

\$225,000

This appropriation is for the single-egress stairway apartment building report under article 15, section 46. This is a onetime appropriation and is available until June 30, 2026.

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

Sec. 8. **APPROPRIATION CANCELLATION; JOB CREATION FUND.**

\$3,000,000 of the appropriation in fiscal year 2025 from the general fund as appropriated under Laws 2023, chapter 53, article 20, section 2, subdivision 2, paragraph (q), is canceled to the general fund. This is a onetime cancellation.

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

Sec. 9. **REPEALER.**

Laws 2024, chapter 120, article 1, section 13, is repealed retroactively from July 1, 2024.

ARTICLE 3
DEED POLICY

Section 1. Minnesota Statutes 2024, section 116J.431, subdivision 2, is amended to read:

Subd. 2. **Eligible projects.** (a) An economic development project for which a county or city may be eligible to receive a grant under this section includes:

(1) manufacturing;

(2) technology;

(3) warehousing and distribution;

(4) research and development;

(5) agricultural processing, defined as transforming, packaging, sorting, or grading livestock or livestock products or plants and plant-based products into goods that are used for intermediate or final consumption, including goods for nonfood use; or

(6) industrial park development that would be used by any other business listed in this subdivision even if no business has committed to locate in the industrial park at the time the grant application is made.

(b) Up to 15 percent of the development of a project may be for a purpose that is not included under this subdivision as an eligible project. A city or county must provide notice to the commissioner for the commissioner's approval of the proposed project.

Sec. 2. Minnesota Statutes 2024, section 116J.8733, subdivision 4, is amended to read:

Subd. 4. **Revolving loan fund Minnesota expanding opportunity account.** (a) ~~The commissioner shall establish a revolving loan fund to make loans to nonprofit corporations, Tribal economic development entities, and community development financial institutions for the purpose of increasing nonprofit corporation, Tribal economic development entity, and community development financial institution capital and lending activities with Minnesota small businesses.~~ A Minnesota expanding opportunity account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for revolving loans to nonprofit corporations for the purpose of increasing nonprofit corporation capital and lending activities with Minnesota small businesses.

(b) Nonprofit corporations, ~~Tribal economic development entities, and community development financial institutions~~ that receive loans from the commissioner under the program must establish appropriate accounting practices for the purpose of tracking eligible loans.

(c) All loan repayments must be paid into the Minnesota expanding opportunity account created in this section to fund additional loans.

Sec. 3. Minnesota Statutes 2024, section 116J.8752, subdivision 2, is amended to read:

Subd. 2. **Purpose.** The Minnesota forward fund account is created to increase the state's competitiveness by providing the state the authority and flexibility to facilitate private investment. The fund serves as a closing fund to allow the authority and flexibility to negotiate incentives to better compete with other states for business retention, expansion and attraction of projects in existing and new industries, and develop properties for business use, ~~and leverage to meet matching requirements of federal funding~~ for resiliency in economic security and economic enhancement opportunities that provide the public high-quality employment opportunities.

Sec. 4. Minnesota Statutes 2024, section 116L.03, subdivision 2, is amended to read:

Subd. 2. **Appointment.** The Minnesota Job Skills Partnership Board consists of: seven members appointed by the governor, the commissioner of employment and economic development or the commissioner's designee, the chancellor, or the chancellor's designee, of the Minnesota State Colleges and Universities, the president, or the president's designee, of the University of Minnesota, and two nonlegislator members, one appointed by the Subcommittee on Committees of the senate Committee on Rules and Administration and one appointed by the speaker of the house. If the chancellor or the president of the university makes a designation under this subdivision, the designee must have experience in technical education. Four of the appointed members must be members of the governor's Workforce Development Board, of whom two must represent organized labor and two must represent business and industry. One of the appointed members must be a representative of a nonprofit organization that provides workforce development or job training services.

Sec. 5. Minnesota Statutes 2024, section 116L.04, subdivision 1, is amended to read:

Subdivision 1. **Partnership program.** (a) The partnership program may provide grants-in-aid to educational or other nonprofit educational institutions using the following guidelines:

(1) the educational or other nonprofit educational institution is a provider of training within the state in either the public or private sector;

(2) the program involves skills training that is an area of employment need; and

(3) preference will be given to educational or other nonprofit training institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.

(b) A single grant to any one institution shall not exceed ~~\$400,000~~ \$500,000. A portion of a grant may be used for preemployment training.

(c) Each institution must provide for the dissemination of summary results of a grant-funded project, including, but not limited to, information about curriculum and all supporting materials developed in conjunction with the grant. Results of projects developed by any Minnesota State Colleges and Universities system institution must be disseminated throughout the system.

(d) At the discretion of the board, higher education institutions may charge up to a 15-percent increase on the direct project costs, not including equipment costs.

Sec. 6. Minnesota Statutes 2024, section 116L.04, subdivision 1a, is amended to read:

Subd. 1a. **Pathways program.** (a) The pathways program may provide grants-in-aid for developing programs which assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines. The program is to be operated by the board. The board shall consult and coordinate with program administrators at the Department of Employment and Economic Development to design and provide services for temporary assistance for needy families recipients.

(b) Pathways grants-in-aid may be awarded to educational or other nonprofit training institutions or to workforce development intermediaries for education and training programs and services supporting education and training programs that serve eligible recipients.

Preference shall be given to projects that:

(1) provide employment with benefits paid to employees;

(2) provide employment where there are defined career paths for trainees;

(3) pilot the development of an educational pathway that can be used on a continuing basis for transitioning persons from welfare to work; and

(4) demonstrate the active participation of Department of Employment and Economic Development workforce centers, Minnesota State College and University institutions and other educational institutions, and local welfare agencies.

(c) Pathways projects must demonstrate the active involvement and financial commitment of a participating business. Pathways projects must be matched with cash or in-kind contributions on at least a one-half-to-one ratio by a participating business.

(d) A single grant to any one institution shall not exceed ~~\$400,000~~ \$500,000. A portion of a grant may be used for preemployment training.

(e) At the discretion of the board, higher education institutions may charge up to a 15-percent increase on the direct project costs, not including equipment costs.

Sec. 7. Minnesota Statutes 2024, section 116L.05, subdivision 5, is amended to read:

Subd. 5. **Use of workforce development funds.** After ~~March~~ September 1 of any fiscal year, the board may use workforce development funds for the purposes outlined in sections 116L.02 and 116L.04, or to provide incumbent worker training services under section 116L.18 if the following conditions have been met:

(1) the board examines relevant economic indicators, including the projected number of layoffs for the remainder of the fiscal year and the next fiscal year, evidence of declining and expanding industries, the number of initial applications for and the number of exhaustions of unemployment benefits, job vacancy data, and any additional relevant information brought to the board's attention;

(2) the board accounts for all allocations made in section 116L.17, subdivision 2;

(3) based on the past expenditures and projected revenue, the board estimates future funding needs for services under section 116L.17 for the remainder of the current fiscal year and the next fiscal year;

(4) the board determines there will be unspent funds after meeting the needs of dislocated workers in the current fiscal year and there will be sufficient revenue to meet the needs of dislocated workers in the next fiscal year; and

(5) the board reports its findings in clauses (1) to (4) to the chairs of legislative committees with jurisdiction over the workforce development fund, to the commissioners of revenue and management and budget, and to the public.

Sec. 8. Minnesota Statutes 2024, section 116L.562, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The commissioner shall award grants to eligible organizations for the purpose of providing workforce development and training opportunities or preemployment services and mentorship opportunities to economically disadvantaged or at-risk youth ages 14 to 24.

Sec. 9. Minnesota Statutes 2024, section 116L.562, subdivision 3, is amended to read:

Subd. 3. **Competitive grant awards.** (a) In awarding competitive grants, priority shall be given to programs that:

(1) provide students with information about education and training requirements for careers in high-growth, in-demand occupations;

(2) serve youth from communities of color who are underrepresented in the workforce; or

(3) serve youth with disabilities.

(b) Eligible organizations must have demonstrated effectiveness in administering youth ~~workforce~~ programs and must leverage nonstate or private sector funds.

(c) New eligible applicants must be youth-serving organizations with significant capacity and demonstrable youth development experience and outcomes to operate ~~a youth workforce development~~ an eligible project.

(d) If a program is not operated by a local unit of government or a workforce development board, the grant recipient must coordinate the program with the local workforce development board.

Sec. 10. Minnesota Statutes 2024, section 116L.98, subdivision 2, is amended to read:

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

(b) "Credential" means ~~postsecondary~~ degrees, diplomas, licenses, and certificates awarded in recognition of an individual's attainment of measurable technical or occupational skills necessary to obtain employment or advance with an occupation. This definition does not include certificates awarded by workforce investment boards or work-readiness certificates.

(c) "Exit" means to have not received service under a workforce program for 90 consecutive calendar days. The exit date is the last date of service.

(d) "Net impact" means the use of matched control groups and regression analysis to estimate the impacts attributable to program participation net of other factors, including observable personal characteristics and economic conditions.

(e) "Pre-enrollment" means the period of time before an individual was enrolled in a workforce program.

Sec. 11. Minnesota Statutes 2024, section 116U.05, is amended to read:

116U.05 EXPLORE MINNESOTA; ESTABLISHMENT.

Explore Minnesota is an office in the executive branch with a director appointed by the governor. The director is under the supervision of the commissioner of employment and economic development and oversees Explore Minnesota Tourism ~~and~~, Explore Minnesota for Business, and Explore Minnesota Film divisions. The director serves in the unclassified service and must be qualified by experience and training in related fields.

Sec. 12. Minnesota Statutes 2024, section 116U.06, is amended to read:

116U.06 EXPLORE MINNESOTA TOURISM.

Explore Minnesota Tourism ~~is a division of Explore Minnesota and~~ exists to support Minnesota's economy through promotion and facilitation of travel to and within the state of Minnesota.

Sec. 13. Minnesota Statutes 2024, section 116U.15, is amended to read:

116U.15 MISSION.

(a) The mission of Explore Minnesota is to ~~promote and facilitate increased travel to and within the state of Minnesota, promote overall livability, and promote workforce and economic opportunity in Minnesota~~ support the growth of Minnesota's economy through the management of the state's tourism, livability and economic opportunity, outdoor recreation, film, and other statewide promotion efforts as directed. To further the mission of Explore Minnesota, the office is advised by various advisory ~~councils focused on tourism and talent attraction and business marketing.~~ Its goals are to:

(1) expand public and private partnerships through increased interagency efforts and increased tourism and business industry participation;

(2) increase productivity through enhanced flexibility and options; and

(3) use innovative fiscal and human resource practices to manage the state's resources and operate the office as efficiently as possible.

(b) The director shall report to the legislature on the performance of the office's operations and the accomplishment of its goals in the office's biennial budget according to section 16A.10, subdivision 1.

Sec. 14. Minnesota Statutes 2024, section 116U.30, is amended to read:

116U.30 DUTIES OF DIRECTOR.

(a) The director shall:

(1) publish, disseminate, and distribute informational and promotional materials;

(2) ~~promote and encourage the coordination of Explore Minnesota travel, tourism, overall livability, and workforce and economic opportunity~~ promotion efforts with other state agencies and develop multiagency marketing strategies when appropriate;

(3) promote and encourage the expansion and development of ~~international tourism, trade, and Minnesota livability marketing~~ programs that support the mission of the office;

(4) advertise and disseminate information about ~~Minnesota travel, tourism, and workforce and economic development opportunities~~ Explore Minnesota and its activities that support the mission of the office;

(5) ~~aid various~~ provide local communities a reasonable level of support to improve their ~~travel, tourism, and overall livability~~ marketing programs as they relate to the mission of the office;

(6) coordinate and implement comprehensive state ~~travel, tourism, workforce and economic development, and overall livability~~ mission-driven marketing programs that take into consideration public and private businesses and attractions;

(7) contract, in accordance with section 16C.08, for professional services if the work or services cannot be satisfactorily performed by employees of the agency or by any other state agency;

(8) provide local, regional, and statewide organizations with information, ~~technical assistance~~ educational opportunities, training, and advice on ~~using state tourism and livability information and~~ promotional programs related to the office's mission; and

(9) generally gather, compile, and make available statistical information relating to ~~Minnesota travel, tourism, workforce and economic development, overall livability, and related areas in this state~~ the office's mission. The director has the authority to call upon other state agencies for statistical data and results obtained by them and to arrange and compile that statistical information.

(b) The director may:

(1) apply for, receive, and spend money ~~for travel, tourism, workforce and economic development, and overall livability development and marketing,~~ as it relates to the mission of the office, from other agencies, organizations, and businesses;

(2) apply for, accept, and disburse grants and other aids for ~~tourism~~ development and marketing from the federal government and other sources;

(3) enter into joint powers or cooperative agreements with agencies of the federal government, local governmental units, regional development commissions, other state agencies, the University of Minnesota and other educational institutions, other states, Canadian provinces, and local, statewide, and regional organizations as necessary to perform the director's duties;

(4) enter into interagency agreements and agree to share net revenues with the contributing agencies;

(5) make grants;

(6) conduct market research and analysis to improve marketing techniques ~~in the area of travel, tourism, workforce and economic development, and overall livability;~~

(7) monitor and study trends in the related industries and provide resources and training to address change;

(8) annually convene conferences of Minnesota providers for the purposes of exchanging information on tourism development, coordinating marketing activities, and formulating ~~tourism, overall livability, and workforce and economic opportunity~~ mission-related promotion development strategies; and

(9) enter into promotion contracts or other agreements with private persons and public entities, including agreements to establish and maintain offices and other types of representation in foreign countries to promote international travel and to implement this chapter.

(c) Contracts for goods and ~~nonprofessional services and~~ professional technical services made under paragraph (b), clauses (3) and (9), are not subject to the provisions of sections 16C.03, subdivision 3, and 16C.06 concerning competitive bidding and section 16C.055 concerning barter arrangements. Professional technical service contracts that promote Minnesota as a tourism travel destination or a talent attraction may be negotiated and are not subject to the provisions of chapter 16C relating to competitive bidding.

Sec. 15. Minnesota Statutes 2024, section 116U.35, is amended to read:

116U.35 PROMOTIONAL EXPENSES.

To promote ~~travel, tourism, workforce and economic development, and overall livability of the state~~ programs that align with Explore Minnesota's mission, the director may expend money appropriated by the legislature for these purposes in the same manner as private persons, firms, corporations, and associations make expenditures for these purposes. Policies on promotional expenses must be approved by the commissioner of administration. A policy for expenditures on food, lodging, and travel must be approved by the commissioner of management and budget. No money may be expended for the appearance in radio or television broadcasts by an elected public official.

Sec. 16. Minnesota Statutes 2024, section 248.07, subdivision 7, is amended to read:

Subd. 7. **Blind, vending ~~stands and machines~~ facilities on governmental property; liability limited.** (a) Notwithstanding any other law, for the rehabilitation of blind persons the commissioner shall have exclusive authority to establish and to operate vending ~~stands and vending machines~~ facilities in all buildings and properties owned or rented exclusively by the Minnesota State Colleges and Universities at a state university, a community college, a consolidated community technical college, or a technical college served by the commissioner before January 1, 1996, or by any department or agency of the state of Minnesota except the Department of Natural Resources properties operated directly by the Division of State Parks and not subject to private leasing. Vending ~~stands and machines~~ facilities authorized under this subdivision may dispense nonalcoholic beverages, food, candies, tobacco, souvenirs, notions, and related items and must be operated on the same basis as other vending ~~stands~~ facilities for the blind established and supervised by the commissioner under federal law. The commissioner shall waive this authority to displace any present private individual concessionaire in any state-owned or rented building or property who is operating under a contract with a specific renewal or termination date, until the renewal or termination date. With the consent of the governing body of a governmental subdivision of the state, the commissioner may establish and supervise vending ~~stands and vending machines~~ facilities for the blind in any building or property exclusively owned or rented by the governmental subdivision.

(b) The Department of Employment and Economic Development is not liable under chapter 176 for any injury sustained by a blind vendor's employee or agent. The Department of Employment and Economic Development, its officers, and its agents are not liable for the acts or omissions of a blind vendor or of a blind vendor's employee or agent that may result in the blind vendor's liability to third parties. The Department of Employment and Economic Development, its officers, and its agents are not liable for negligence based on any theory of liability for claims arising from the relationship created under this subdivision with the blind vendor.

Sec. 17. Minnesota Statutes 2024, section 248.07, subdivision 8, is amended to read:

Subd. 8. **Use of revolving fund, licenses for operation of vending ~~stands~~ facilities.** (a) The revolving fund created by Laws 1947, chapter 535, section 5, is continued as provided in this subdivision and shall be known as the revolving fund for vocational rehabilitation of the blind. It shall be used for the purchase of equipment and supplies

for establishing and operating of vending ~~stands~~ facilities by blind persons. All income, receipts, earnings, and federal vending ~~machine facility~~ income due to the operation of vending ~~stands~~ facilities operated under this subdivision shall also be paid into the fund. All interest earned on money accrued in the fund must be credited to the fund by the commissioner of management and budget. All equipment, supplies, and expenses for setting up these ~~stands~~ facilities shall be paid for from the fund.

(b) The commissioner is authorized to use the money available in the revolving fund that originated as operational charges to individuals licensed under this subdivision for the establishment, operation, and supervision of vending ~~stands~~ facilities by blind persons for the following purposes:

- (1) purchase, upkeep and replacement of equipment;
 - (2) expenses incidental to the setting up of new ~~stands~~ facilities and improvement of old ~~stands~~ facilities;
 - (3) reimbursement under section 15.059 to individual blind vending operators for reasonable expenses incurred in attending supervisory meetings as called by the commissioner and other expenditures for management services consistent with federal law; and
 - (4) purchase of fringe benefits for blind vending operators and their employees such as group health insurance, retirement program, vacation or sick leave assistance provided that the purchase of any fringe benefit is approved by a majority vote of blind vending operators licensed pursuant to this subdivision after the commissioner provides to each blind vending operator information on all matters relevant to the fringe benefits. "Majority vote" means a majority of blind vending operators voting. Fringe benefits shall be paid only from assessments of operators for specific benefits, gifts to the fund for fringe benefit purposes, and vending income which is not assignable to an individual ~~stand~~ facility.
- (c) Money originally deposited as merchandise and supplies repayments by individuals licensed under this subdivision may be expended for initial and replacement stocks of supplies and merchandise. Money originally deposited from vending income on federal property must be spent consistent with federal law.
- (d) All other deposits may be used for the purchase of general liability insurance or any other expense related to the operation and supervision of vending ~~stands~~ facilities.
- (e) The commissioner shall issue each license for the operation of a vending ~~stand~~ facility or vending machine for an indefinite period but may terminate any license in the manner provided. In granting licenses for new or vacated ~~stands~~ facilities preference on the basis of seniority of experience in operating ~~stands~~ facilities under the control of the commissioner shall be given to capable operators who are deemed competent to handle the enterprise under consideration. Application of this preference shall not prohibit the commissioner from selecting an operator from the community in which the ~~stand~~ facility is located.

Sec. 18. Minnesota Statutes 2024, section 469.54, subdivision 4, is amended to read:

Subd. 4. **Credit for parking revenue.** (a) By March 1 of the year following the year in which the parking facilities or structures are constructed within the district, the city must certify to the commissioner:

- (1) the total amount of revenue generated by the parking facilities and structures in the preceding year; and
- (2) the total amount necessary for operational and maintenance expenses of the facilities or structures in the ~~current~~ preceding year.

(b) By July 1 of each year thereafter, for a period of 25 years, the commissioner must confirm or revise the amounts as reported. An amount equal to 50 percent of the amount of revenue received by the city by the parking structures and facilities in the ~~previous~~ preceding year that is greater than the amount necessary for operational and maintenance expenses of the facilities or structures in the ~~current~~ preceding year must be paid by the city to the commissioner of employment and economic development by September 1 for deposit into the general fund.

Sec. 19. **REPEALER.**

Minnesota Statutes 2024, sections 116L.35; and 116L.98, subdivision 7, are repealed.

ARTICLE 4
DEPARTMENT OF LABOR AND INDUSTRY POLICY

Section 1. Minnesota Statutes 2024, section 177.27, subdivision 5, is amended to read:

Subd. 5. **Civil actions.** The commissioner may bring an action in the district court where an employer resides or where the commissioner maintains an office to enforce or require compliance with orders issued under subdivision 4. In addition to any other remedy provided by law, the commissioner may also apply in the district court where an employer resides or where the commissioner maintains an office for an order enjoining and restraining violations of any statute or rule listed in subdivision 4.

Sec. 2. Minnesota Statutes 2024, section 181.211, subdivision 7, is amended to read:

Subd. 7. **Nursing home.** "Nursing home" means a nursing home licensed under chapter 144A and reimbursed under chapter 256R, or a boarding care home licensed under sections 144.50 to 144.56 and reimbursed under chapter 256R.

Sec. 3. Minnesota Statutes 2024, section 181.211, subdivision 8, is amended to read:

Subd. 8. **Nursing home employer.** "Nursing home employer" means an employer of nursing home workers in a ~~licensed, Medicaid-certified facility that is reimbursed under chapter 256R~~ nursing home as defined under subdivision 7.

Sec. 4. Minnesota Statutes 2024, section 181.988, subdivision 2, is amended to read:

Subd. 2. **Covenants not to compete void and unenforceable.** (a) Any covenant not to compete contained in a contract or agreement is void and unenforceable.

(b) Notwithstanding paragraph (a), a covenant not to compete is valid and enforceable if:

(1) the covenant not to compete restricts an employee from engaging in competition for no more than one year and the employee received a clear, written explanation of the covenant not to compete prior to entering into the contract or agreement, and either:

(i) the employee has an annual budgeted salary and bonus of \$200,000 or more and whose primary duties include:

(A) the creation, analysis, or modification of trade secret information; or

(B) management of a project, team, or department with primary responsibility over the creation, analysis, or modification of trade secret information; or

(ii) the employee has an annual budgeted salary and bonus of \$500,000 or more regardless of the employee's primary job duties;

~~(4)~~ (2) the covenant not to compete is agreed upon during the sale of a business. The person selling the business and the partners, members, or shareholders, and the buyer of the business may agree on a temporary and geographically restricted covenant not to compete that will prohibit the seller of the business from carrying on a similar business within a reasonable geographic area and for a reasonable length of time; or

~~(2)~~ (3) the covenant not to compete is agreed upon in anticipation of the dissolution of a business. The partners, members, or shareholders, upon or in anticipation of a dissolution of a partnership, limited liability company, or corporation may agree that all or any number of the parties will not carry on a similar business within a reasonable geographic area where the business has been transacted.

(c) Nothing in this subdivision shall be construed to render void or unenforceable any other provisions in a contract or agreement containing a void or unenforceable covenant not to compete.

(d) In addition to injunctive relief and any other remedies available, a court may award an employee who is enforcing rights under this section reasonable attorney fees.

(e) For the purposes of this subdivision, the term "trade secret" means all forms and types of scientific, technical, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes; whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing, if:

(1) the owner thereof has taken reasonable measures to keep such information secret; and

(2) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information.

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

Sec. 5. Minnesota Statutes 2024, section 326B.0981, subdivision 4, is amended to read:

Subd. 4. **Internet continuing education.** (a) The design and delivery of an Internet continuing education course must be approved by the International Distance Education Certification Center (IDECC) or the International ~~Association~~ Accreditors for Continuing Education and Training (IACET) before the course is submitted for the commissioner's approval. The approval must accompany the course submitted.

(b) Paragraphs (a) and (d) do not apply to approval of an Internet continuing education course for manufactured home installers. An Internet continuing education course for manufactured home installers must be approved by the United States Department of Housing and Urban Development or by the commissioner of labor and industry. The approval must accompany the course completion certificate issued to each student by the course sponsor.

(c) Paragraph (a) does not apply to approval of an Internet continuing education course for elevator constructors. An Internet continuing education course for elevator constructors must be approved by the commissioner of labor and industry. The approval must accompany the course completion certificate issued to each student by the course sponsor.

(d) An Internet continuing education course must:

- (1) specify the minimum computer system requirements;
- (2) provide encryption that ensures that all personal information, including the student's name, address, and credit card number, cannot be read as it passes across the Internet;
- (3) include technology to guarantee seat time;
- (4) include a high level of interactivity;
- (5) include graphics that reinforce the content;
- (6) include the ability for the student to contact an instructor or course sponsor within a reasonable amount of time;
- (7) include the ability for the student to get technical support within a reasonable amount of time;
- (8) include a statement that the student's information will not be sold or distributed to any third party without prior written consent of the student. Taking the course does not constitute consent;
- (9) be available 24 hours a day, seven days a week, excluding minimal downtime for updating and administration, except that this provision does not apply to live courses taught by an actual instructor and delivered over the Internet;
- (10) provide viewing access to the online course at all times to the commissioner, excluding minimal downtime for updating and administration;
- (11) include a process to authenticate the student's identity;
- (12) inform the student and the commissioner how long after its purchase a course will be accessible;
- (13) inform the student that license education credit will not be awarded for taking the course after it loses its status as an approved course;
- (14) provide clear instructions on how to navigate through the course;
- (15) provide automatic bookmarking at any point in the course;
- (16) provide questions after each unit or chapter that must be answered before the student can proceed to the next unit or chapter;
- (17) include a reinforcement response when a quiz question is answered correctly;
- (18) include a response when a quiz question is answered incorrectly;
- (19) include a final examination in which the student must correctly answer 70 percent of the questions;
- (20) allow the student to go back and review any unit at any time, except during the final examination;
- (21) provide a course evaluation at the end of the course. At a minimum, the evaluation must ask the student to report any difficulties caused by the online education delivery method;

(22) provide a completion certificate when the course and exam have been completed and the provider has verified the completion. Electronic certificates are sufficient and shall include the name of the provider, date and location of the course, educational program identification that was provided by the department, hours of instruction or continuing education hours, and licensee's or attendee's name and license, certification, or registration number or the last four digits of the licensee's or attendee's Social Security number; and

(23) allow the commissioner the ability to electronically review the class to determine if credit can be approved.

(e) The final examination must be either an encrypted online examination or a paper examination that is monitored by a proctor who certifies that the student took the examination.

Sec. 6. Minnesota Statutes 2024, section 326B.198, subdivision 2, is amended to read:

Subd. 2. **Installation requirements.** (a) The installation of underground telecommunications infrastructure that is located within ten feet of existing underground utilities or that crosses the existing underground utilities must be performed by safety-qualified underground telecommunications installers as follows:

(1) the location of existing utilities by hand- or hydro-excavation or other accepted methods must be performed by a safety-qualified underground telecommunications installer; and

(2) where telecommunications infrastructure is installed by means of directional drilling, the monitoring of the location and depth of the drill head must be performed by a safety-qualified underground telecommunications installer; ~~and.~~

~~(3) no fewer than two safety-qualified underground telecommunications installers must be present at all times at any location where telecommunications infrastructure is being installed by means of directional drilling.~~

~~(b) Beginning July 1, 2025, all installations of underground telecommunications infrastructure subject to this subdivision within the seven county metropolitan area must be performed by safety-qualified underground telecommunications installers that meet the requirements of this subdivision.~~

~~(e)~~ (b) Beginning January 1, 2026, all installations of underground telecommunications infrastructure subject to this subdivision within this state must be performed by safety-qualified underground telecommunications installers that meet the requirements of this subdivision.

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

Sec. 7. Minnesota Statutes 2024, section 326B.198, subdivision 3, is amended to read:

Subd. 3. **Certification Standards.** (a) The commissioner of labor and industry, in consultation with the Office of Broadband, shall approve standards for a safety-qualified underground telecommunications installer certification program that requires a person to:

(1) complete a 40-hour initial course that includes classroom and hands-on instruction covering proper work procedures for safe installation of underground utilities, including:

(i) regulations applicable to excavation near existing utilities;

(ii) identification, location, and verification of utility lines using hand- or hydro-excavation or other accepted methods;

- (iii) response to line strike incidents;
- (iv) traffic control procedures;
- (v) use of a tracking device to safely guide directional drill equipment along a drill path; and
- (vi) avoidance and mitigation of safety hazards posed by underground utility installation projects;

(2) demonstrate knowledge of the course material by successfully completing an examination approved by the commissioner; and

(3) complete a four-hour refresher course within three years of completing the original course and every three years thereafter in order to maintain certification.

(b) The commissioner must develop an approval process for training providers under this subdivision and may suspend or revoke the approval of any training provider that fails to demonstrate consistent delivery of approved curriculum or success in preparing participants to complete the examination.

(c) An approved training provider may apply for approval of classroom instruction course material delivered up to two years prior to becoming an approved training provider and before January 1, 2026, as being equivalent or substantially equivalent to classroom instruction course material that is contained in the approved program. An application must provide a copy of all written materials used for the training for which equivalent credit is sought, the specific subjects covered in the training, the name and qualifications of the training provider, a description of the delivery method for the training, and the date of the training. Once approved, a training provider may grant full or partial retroactive credit for completion of classroom instruction training delivered prior to the commissioner's decision to approve a program. A person granted retroactive credit must successfully complete the examination that the training provider is approved to administer in order to be certified as a safety-qualified underground telecommunications installer.

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

Sec. 8. Minnesota Statutes 2024, section 326B.31, subdivision 29, is amended to read:

Subd. 29. **Technology circuits or systems.** "Technology circuits or systems" means class 2 ~~or~~ class 3, or class 4 circuits or systems for, but not limited to, remote control, signaling, control, alarm, and audio signal, including associated components as covered by the National Electrical Code, ~~articles 640, 645, 650, 725, 760, 770, and 780,~~ and which are isolated from circuits or systems other than class 2 ~~or~~ class 3, or class 4 by a demarcation and are not process control circuits or systems; antenna and communication circuits or systems as covered by ~~chapter 8 of the~~ National Electrical Code; and circuitry and equipment ~~for indoor lighting and outdoor landscape lighting systems that are supplied by the secondary circuit of an isolating power supply operating at 30 volts or less as for low-voltage lighting, limited to a class 2 or class 3 power supply covered by the Low-Voltage Lighting article in the~~ National Electrical Code, ~~article 411.~~ The planning, laying out, installing, altering, and repairing of technology circuits or systems must be performed in accordance with the applicable requirements of the National Electrical Code pursuant to section 326B.35.

Sec. 9. Minnesota Statutes 2024, section 326B.33, subdivision 21, is amended to read:

Subd. 21. **Exemptions from licensing.** (a) An individual who is a maintenance electrician is not required to hold or obtain a license under sections 326B.31 to 326B.399 if:

(1) the individual is engaged in the maintenance and repair of electrical equipment, apparatus, and facilities that are owned or leased by the individual's employer and that are located within the limits of property operated, maintained, and either owned or leased by the individual's employer;

(2) the individual is supervised by:

(i) the responsible master electrician for a contractor who has contracted with the individual's employer to provide services for which a contractor's license is required; or

(ii) a licensed master electrician, a licensed maintenance electrician, an electrical engineer, or, if the maintenance and repair work is limited to technology circuits or systems work, a licensed power limited technician; and

(3) the individual's employer has on file with the commissioner a current certificate of responsible person, signed by the responsible master electrician of the contractor, the licensed master electrician, the licensed maintenance electrician, the electrical engineer, or the licensed power limited technician, and stating that the person signing the certificate is responsible for ensuring that the maintenance and repair work performed by the employer's employees complies with the Minnesota Electrical Act and the rules adopted under that act. The employer must pay a filing fee to file a certificate of responsible person with the commissioner. The certificate shall expire two years from the date of filing. In order to maintain a current certificate of responsible person, the employer must resubmit a certificate of responsible person, with a filing fee, no later than two years from the date of the previous submittal.

(b) Employees of a licensed electrical or technology systems contractor or other employer where provided with supervision by a master electrician in accordance with subdivision 1, or power limited technician in accordance with subdivision 7, paragraph (a), clause (1), are not required to hold a license under sections 326B.31 to 326B.399 for the planning, laying out, installing, altering, and repairing of technology circuits or systems except planning, laying out, or installing:

(1) in other than residential dwellings, class 2 or class 3 remote control circuits that control circuits or systems other than class 2 or class 3, except circuits that interconnect these systems through communication, alarm, and security systems are exempted from this paragraph;

(2) class 2 or class 3 circuits in electrical cabinets, enclosures, or devices containing physically unprotected circuits other than class 2 or class 3; ~~or~~

(3) class 4 circuits or systems; or

~~(3)~~ (4) technology circuits or systems in hazardous classified locations as covered by the National Electrical Code.

(c) Companies and their employees that plan, lay out, install, alter, or repair class 2 and class 3 remote control wiring associated with plug or cord and plug connected appliances other than security or fire alarm systems installed in a residential dwelling are not required to hold a license under sections 326B.31 to 326B.399.

(d) Heating, ventilating, air conditioning, and refrigeration contractors and their employees are not required to hold or obtain a license under sections 326B.31 to 326B.399 when performing heating, ventilating, air conditioning, or refrigeration work as described in section 326B.38.

(e) Employees of any electrical, communications, or railway utility, cable communications company as defined in section 238.02, or a telephone company as defined under section 237.01 or its employees, or of any independent contractor performing work on behalf of any such utility, cable communications company, or telephone company, shall not be required to hold a license under sections 326B.31 to 326B.399:

(1) while performing work on installations, materials, or equipment which are owned or leased, and operated and maintained by such utility, cable communications company, or telephone company in the exercise of its utility, antenna, or telephone function, and which:

(i) are used exclusively for the generation, transformation, distribution, transmission, or metering of electric current, or the operation of railway signals, or the transmission of intelligence and do not have as a principal function the consumption or use of electric current or provided service by or for the benefit of any person other than such utility, cable communications company, or telephone company; ~~and~~

(ii) are generally accessible only to employees of such utility, cable communications company, or telephone company or persons acting under its control or direction; and

(iii) are not on the load side of the service point or point of entrance for communication systems;

(2) while performing work on installations, materials, or equipment which are a part of the street lighting operations of such utility; or

(3) while installing or performing work on outdoor area lights which are directly connected to a utility's distribution system and located upon the utility's distribution poles, and which are generally accessible only to employees of such utility or persons acting under its control or direction.

(f) An individual who physically performs electrical work on a residential dwelling that is located on a property the individual owns and actually occupies as a residence or owns and will occupy as a residence upon completion of its construction is not required to hold or obtain a license under sections 326B.31 to 326B.399 if the residential dwelling has a separate electrical utility service not shared with any other residential dwelling.

(g) Companies and their employees licensed under section 326B.164 shall not be required to hold or obtain a license under sections 326B.31 to 326B.399 while performing elevator work.

Sec. 10. MISCLASSIFICATION FRAUD IMPACT REPORT.

(a) Every two years, the commissioners of revenue, employment and economic development, and labor and industry must coordinate to conduct an analysis of the costs of misclassification to illustrate how misclassification impacts misclassified workers, government programs, and tax collections.

(b) By January 15 of every odd-numbered year, beginning January 15, 2027, the commissioner of labor and industry must report on the analysis performed under paragraph (a) to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes, workforce, and labor. The commissioner of labor and industry may contract with external experts or an independent third party to conduct a study, develop a report, and perform other functions.

(c) At a minimum, the study and report must provide:

(1) an estimate of the number of workers experiencing misclassification in Minnesota;

(2) an estimate of the cost of misclassification to impacted workers;

(3) an estimate of the prevalence of misclassification by industry; and

(4) an estimate of the impact to:

(i) the unemployment insurance trust fund;

(ii) the family and medical benefit insurance account;

(iii) state income tax collection;

(iv) the workers' compensation fund; and

(v) the workforce development fund.

(d) Data and information relevant to the required report elements in paragraph (c) must be provided to the commissioner of labor and industry for purposes of the study and report, including but not limited to the following:

(1) from the Department of Employment and Economic Development, information and data relevant to:

(i) the unemployment insurance trust fund;

(ii) the family and medical benefit insurance account;

(iii) unemployment insurance program audits and findings; and

(iv) the workforce development fund;

(2) from the Department of Revenue, information and data relevant to:

(i) misclassification tax audits and findings;

(ii) income tax collection; and

(iii) 1099 filings; and

(3) from the Department of Labor and Industry, information and data relevant to:

(i) misclassification complaints, investigations, and findings; and

(ii) the workers' compensation fund."

Delete the title and insert:

"A bill for an act relating to jobs; establishing a biennial budget for workforce, labor, and economic development; appropriating money for the Department of Employment and Economic Development, Explore Minnesota, Department of Labor and Industry, Workers' Compensation Court of Appeals, and Bureau of Mediation Services; making various policy and technical changes; requiring reports; amending Minnesota Statutes 2024, sections 116J.431, subdivision 2; 116J.8733, subdivision 4; 116J.8752, subdivision 2; 116L.03, subdivision 2; 116L.04, subdivisions 1, 1a; 116L.05, subdivision 5; 116L.562, subdivisions 1, 3; 116L.98, subdivision 2; 116U.05; 116U.06; 116U.15; 116U.30; 116U.35; 177.27, subdivision 5; 181.211, subdivisions 7, 8; 181.988, subdivision 2; 248.07, subdivisions 7, 8; 326B.0981, subdivision 4; 326B.198, subdivisions 2, 3; 326B.31, subdivision 29; 326B.33, subdivision 21; 469.54, subdivision 4; Laws 2023, chapter 53, article 20, section 2, subdivisions 2, as amended, 3, as amended; article 21, section 7, as amended; Laws 2023, chapter 64, article 15, section 30; Laws 2024, chapter 120, article 1, sections 2, subdivision 3; 4; Laws 2024, chapter 127, article 14, section 3; repealing Minnesota Statutes 2024, sections 116L.35; 116L.98, subdivision 7; Laws 2024, chapter 120, article 1, section 13."

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 2730 was read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 1832 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Hansen, R.; Liebling; Gomez; Lee, F.; Vang; Frazier and Hussein introduced:

H. F. No. 3304, A bill for an act relating to taxation; repealing the sustainable aviation fuel income tax credit and the exemptions from sales and use tax for data centers and for construction of sustainable aviation fuel facilities; reallocating increased general fund amounts from repealed tax provisions to increase the renter's credit; making corresponding technical changes; amending Minnesota Statutes 2024, sections 290.0693, by adding a subdivision; 297A.75, subdivisions 1, 2, 3; repealing Minnesota Statutes 2024, sections 41A.30; 239.761, subdivision 10a; 290.0688; 297A.68, subdivision 42; 297A.71, subdivision 54.

The bill was read for the first time and referred to the Committee on Taxes.

Hussein and Pérez-Vega introduced:

H. F. No. 3305, A bill for an act relating to capital investment; appropriating money for capital improvements at the Hallie Q. Brown Community Center 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.

Hussein introduced:

H. F. No. 3306, A bill for an act relating to education; requiring water safety instruction in health curriculum; amending Minnesota Statutes 2024, sections 120B.021, subdivision 1; 142D.091, subdivision 3.

The bill was read for the first time and referred to the Committee on Education Policy.

Pérez-Vega introduced:

H. F. No. 3307, A bill for an act relating to capital investment; modifying an appropriation for a capital project grant to Isuroon; amending Laws 2023, chapter 71, article 1, section 14, subdivision 67, as amended.

The bill was read for the first time and referred to the Committee on Capital Investment.

Curran and Berg introduced:

H. F. No. 3308, A bill for an act relating to civil actions; establishing a civil cause of action for the nonconsensual removal of a condom; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 604.

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law.

Niska moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Long from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bill to be placed on the Calendar for the Day for Friday, May 9, 2025 and established a prefiling requirement for amendments offered to the following bill:

S. F. No. 1832.

CALENDAR FOR THE DAY

The Speaker called Olson to the Chair.

H. F. No. 2442, A bill for an act relating to energy; appropriating money for energy and renewable development account programs and activities.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 112 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Acomb	Bakeberg	Bliss	Curran	Engen	Franson
Agbaje	Baker	Carroll	Davids	Falconer	Frazier
Allen	Bennett	Cha	Dotseth	Feist	Frederick
Anderson, P. E.	Berg	Clardy	Duran	Finke	Freiberg
Bahner	Bierman	Coulter	Elkins	Fischer	Gander

Gillman	Howard	Kraft	Nadeau	Rehrauer	Tabke
Gomez	Hudson	Kresha	Nash	Repinski	Torkelson
Gottfried	Huot	Lawrence	Nelson	Reyer	Vang
Greene	Hussein	Lee, F.	Niska	Rymer	Virmig
Greenman	Igo	Lee, K.	Noor	Schomacker	Warwas
Hansen, R.	Johnson, P.	Liebling	Norris	Schwartz	West
Hanson, J.	Jones	Lillie	Novotny	Scott	Witte
Heintzeman	Jordan	Long	O'Driscoll	Sencer-Mura	Wolgamott
Hemmingsen-Jaeger	Keeler	Mahamoud	Olson	Sexton	Xiong
Her	Klevorn	McDonald	Pérez-Vega	Skraba	Youakim
Hicks	Koegel	Moller	Perryman	Smith	Zelevnikar
Hill	Kotyza-Witthuhn	Momanyi-Hiltsley	Pinto	Stephenson	Spk. Demuth
Hollins	Kozlowski	Murphy	Pursell	Stier	
Hortman	Koznick	Myers	Rehm	Swedzinski	

Those who voted in the negative were:

Altendorf	Dippel	Jacob	Mekeland	Roach	Wiener
Anderson, P. H.	Fogelman	Johnson, W.	Mueller	Robbins	
Backer	Gordon	Joy	Quam	Schultz	
Davis	Harder	Knudsen	Rarick	Van Binsbergen	

The bill was passed and its title agreed to.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2115, A bill for an act relating to human services; modifying policy provisions relating to aging and disability services, the Department of Health, Direct Care and Treatment, behavioral health, and the Department of Human Services Office of Inspector General; recodifying statutory language relating to assertive community treatment and intensive residential treatment services; modifying children's mental health terminology; codifying requirement for notification of federal approval; making conforming changes; amending Minnesota Statutes 2024, sections 3.757, subdivision 1; 13.46, subdivisions 3, 4; 15.471, subdivision 6; 43A.241; 62J.495, subdivision 2; 62Q.527, subdivisions 1, 2, 3; 97A.441, subdivision 3; 121A.61, subdivision 3; 128C.02, subdivision 5; 142E.51, subdivisions 5, 6, by adding a subdivision; 142G.02, subdivision 56; 142G.27, subdivision 4; 142G.42, subdivision 3; 144.0724, subdivisions 2, 3a, 4, 9; 144.53; 144.651, subdivisions 2, 4, 10a, 20, 31, 32; 144A.07; 144A.61, by adding subdivisions; 144A.70, subdivisions 3, 7, by adding subdivisions; 144G.10, subdivisions 1, 1a, 5; 144G.16, subdivision 3; 144G.19, by adding a subdivision; 144G.52, by adding a subdivision; 144G.53; 144G.70, subdivision 2; 144G.81, subdivision 1; 144G.91, by adding a subdivision; 146A.08, subdivision 4; 147.091, subdivision 6; 147A.13, subdivision 6; 148.10, subdivision 1; 148.235, subdivision 10; 148.261, subdivision 5; 148.754; 148B.5905; 148F.09, subdivision 6; 148F.11, subdivision 1; 150A.08, subdivision 6; 151.071, subdivision 10;

153.21, subdivision 2; 153B.70; 169A.284; 244.052, subdivision 4; 245.462, subdivision 4; 245.4662, subdivision 1; 245.4682, subdivision 3; 245.469; 245.481; 245.4835, subdivision 2; 245.4863; 245.487, subdivision 2; 245.4871, subdivisions 3, 4, 6, 13, 15, 17, 19, 21, 22, 28, 29, 31, 32, 34, by adding a subdivision; 245.4873, subdivision 2; 245.4874, subdivision 1; 245.4875, subdivision 5; 245.4876, subdivisions 4, 5; 245.4877; 245.488, subdivisions 1, 3; 245.4881, subdivisions 1, 3, 4; 245.4882, subdivisions 1, 5; 245.4884; 245.4885, subdivision 1; 245.4889, subdivision 1; 245.4901, subdivision 3; 245.4906, subdivision 2; 245.4907, subdivisions 2, 3; 245.491, subdivision 2; 245.492, subdivision 3; 245.50, subdivision 2; 245.52; 245.697, subdivision 2a; 245.735, subdivision 3b; 245.814, subdivision 3; 245.826; 245.91, subdivisions 2, 4; 245.92; 245.94, subdivision 1; 245A.03, subdivision 2; 245A.04, subdivisions 1, 7; 245A.16, subdivision 1; 245A.242, subdivision 2; 245A.26, subdivisions 1, 2; 245C.05, by adding a subdivision; 245C.08, subdivision 3; 245C.22, subdivision 5; 245D.02, subdivision 4a; 245D.091, subdivision 3; 245F.06, subdivision 2; 245G.05, subdivision 1; 245G.06, subdivisions 1, 2a, 3a; 245G.07, subdivision 2; 245G.08, subdivision 6; 245G.09, subdivision 3; 245G.11, subdivisions 7, 11; 245G.18, subdivision 2; 245G.19, subdivision 4, by adding a subdivision; 245G.22, subdivisions 1, 14, 15; 245I.05, subdivisions 3, 5; 245I.06, subdivision 3; 245I.11, subdivision 5; 245I.12, subdivision 5; 246.585; 246C.06, subdivision 11; 246C.12, subdivisions 4, 6; 246C.20; 252.27, subdivision 1; 252.291, subdivision 3; 252.43; 252.46, subdivision 1a; 252.50, subdivision 5; 253B.07, subdivision 2b; 253B.09, subdivision 3a; 253B.10, subdivision 1; 253B.141, subdivision 2; 253B.18, subdivision 6; 253B.19, subdivision 2; 253D.14, subdivision 3; 253D.27, subdivision 2; 253D.28; 253D.29, subdivisions 1, 2, 3; 253D.30, subdivisions 3, 4, 5, 6; 253D.31; 254A.19, subdivision 6; 254B.04, subdivision 1a; 254B.05, subdivisions 1, 1a, 5; 256.01, subdivisions 2, 5, by adding a subdivision; 256.019, subdivision 1; 256.0281; 256.0451, subdivisions 1, 3, 6, 8, 9, 18, 22, 23, 24; 256.478, subdivision 2; 256.4825; 256.93, subdivision 1; 256.98, subdivisions 1, 7; 256B.02, subdivision 11; 256B.055, subdivision 12; 256B.0615, subdivisions 1, 3, 4; 256B.0616, subdivisions 1, 4, 5; 256B.0622, subdivisions 1, 3a, 7a, 8, 11, 12; 256B.064, subdivision 1a; 256B.0757, subdivision 2; 256B.092, subdivisions 1a, 10, 11a; 256B.0943, subdivisions 1, 3, 9, 12, 13; 256B.0945, subdivision 1; 256B.0946, subdivision 6; 256B.0947, subdivision 3a; 256B.49, subdivisions 13, 29; 256B.4911, subdivision 6; 256B.4914, subdivisions 10a, 10d; 256B.69, subdivision 23; 256B.77, subdivision 7a; 256B.82; 256D.44, subdivision 5; 256G.09, subdivisions 4, 5; 256I.04, subdivision 2c; 256L.03, subdivision 5; 256R.38; 256R.40, subdivision 5; 260B.157, subdivision 3; 260C.007, subdivisions 16, 26d, 27b; 260C.157, subdivision 3; 260C.201, subdivisions 1, 2; 260C.301, subdivision 4; 260D.01; 260D.02, subdivisions 5, 9; 260D.03, subdivision 1; 260D.04; 260D.06, subdivision 2; 260D.07; 260E.11, subdivision 3; 295.50, subdivision 9b; 299F.77, subdivision 2; 342.04; 352.91, subdivision 3f; 401.17, subdivision 1; 480.40, subdivision 1; 507.071, subdivision 1; 611.57, subdivisions 2, 4; 624.7131, subdivisions 1, 2; 624.7132, subdivisions 1, 2; 624.714, subdivisions 3, 4; 631.40, subdivision 3; Laws 2023, chapter 70, article 7, section 34; proposing coding for new law in Minnesota Statutes, chapters 245; 246C; 256B; 256G; 609; repealing Minnesota Statutes 2024, sections 144G.9999, subdivisions 1, 2, 3; 245.4862; 245A.042, subdivisions 2, 3, 4; 245A.11, subdivision 8; 246.015, subdivision 3; 246.50, subdivision 2; 246B.04, subdivision 1a; 256B.0622, subdivision 4; Laws 2024, chapter 79, article 1, sections 15; 16; 17; Minnesota Rules, part 9505.0250, subparts 1, 2, 3.

THOMAS S. BOTTERN, Secretary of the Senate

Schomacker moved that the House refuse to concur in the Senate amendments to H. F. No. 2115, that the Speaker appoint a Conference Committee of 4 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2434, A bill for an act relating to human services; modifying provisions relating to aging services, disability services, health care services, behavioral health services, background studies, Department of Human Services program integrity, direct care and treatment services, and housing supports; establishing a patient driven

payment model phase-in, the Minnesota Caregiver Defined Contribution Retirement Fund Trust, early intensive developmental and behavioral intervention provisional licensure, and recovery residence certification; adjusting rates for nursing home wage standards; establishing an advisory task force and workgroups; creating a civil cause of action; creating grants; requiring reports; making forecast adjustments; appropriating money; amending Minnesota Statutes 2024, sections 13.46, subdivisions 2, 3; 142A.02, subdivision 1; 142A.09, subdivision 1; 144.0724, subdivisions 2, 11, by adding a subdivision; 179A.54, by adding a subdivision; 245.095, subdivision 5, by adding a subdivision; 245.462, subdivision 20; 245.4661, subdivisions 2, 6, 7; 245.467, subdivision 4; 245.4711, subdivisions 1, 4; 245.4712, subdivisions 1, 3; 245.4871, subdivision 5; 245.735, subdivision 3; 245.91, subdivision 4; 245A.03, by adding a subdivision; 245A.04, subdivisions 1, 7; 245A.042, by adding a subdivision; 245A.043, by adding a subdivision; 245A.05; 245A.07, subdivision 2; 245A.10, subdivisions 2, 3, 4, 8; 245C.02, subdivision 7; 245C.03, subdivisions 6, 13, 15; 245C.04, subdivision 6, by adding a subdivision; 245C.08, subdivision 5; 245C.10, by adding a subdivision; 245C.13, subdivision 2; 245C.14, by adding subdivisions; 245C.15, subdivisions 1, 4a; 245C.16, subdivision 1; 245C.22, subdivisions 3, 8; 245D.091, subdivisions 2, 3; 245F.08, subdivision 3; 245G.01, subdivision 13b, by adding subdivisions; 245G.02, subdivision 2; 245G.07, subdivisions 1, 3, 4, by adding subdivisions; 245G.11, subdivision 6, by adding a subdivision; 245G.22, subdivisions 11, 15; 246.54, subdivisions 1a, 1b; 246B.10; 246C.091, subdivision 3; 252.27, by adding subdivisions; 254A.19, subdivision 4; 254B.01, subdivisions 10, 11; 254B.02, subdivision 5; 254B.03, subdivisions 1, 3, 4; 254B.04, subdivisions 1a, 5, 6, 6a; 254B.05, subdivisions 1, 1a, 5, by adding a subdivision; 254B.052, by adding a subdivision; 254B.06, subdivision 2, by adding a subdivision; 254B.09, subdivision 2; 254B.19, subdivision 1; 256.01, subdivisions 29, 34; 256.043, subdivision 3; 256.9657, subdivisions 1, 7a; 256.9752, subdivision 3; 256.983, subdivision 4; 256B.051, subdivision 6, by adding a subdivision; 256B.0625, subdivisions 5m, 20; 256B.0659, subdivisions 17a, 21; 256B.0757, subdivision 4c; 256B.0761, subdivision 4; 256B.0911, subdivisions 1, 10, 13, 14, 17, 24, 26, 30, by adding subdivisions; 256B.0922, subdivision 1, by adding a subdivision; 256B.0924, subdivision 6; 256B.0949, subdivisions 15, 16, 16a, by adding a subdivision; 256B.14, subdivision 2; 256B.19, subdivision 1; 256B.434, subdivision 4k; 256B.4912, subdivision 1; 256B.4914, subdivisions 3, 5, 5a, 5b, 6a, 6b, 6c, 8, 9, by adding subdivisions; 256B.766; 256B.85, subdivisions 7a, 8, 12, 16; 256B.851, subdivisions 5, 6, 7, by adding subdivisions; 256G.08, subdivisions 1, 2; 256G.09, subdivisions 1, 2; 256I.03, subdivision 11a; 256I.04, subdivision 2a; 256I.05, subdivisions 1d, 1e, 1f, 1g, 1h, 1i, 1j, 1k, 1l, 1m, 1n, 1p, 1q, 1r, 1s, 1t, 1u, 2; 256R.02, subdivision 19, by adding subdivisions; 256R.23, subdivisions 2, 3; 256R.24, subdivision 1; 256R.25; 260E.14, subdivision 1; 325F.725; 609A.015, subdivision 4; 609A.055, subdivision 3; 611.43, by adding a subdivision; 611.46, subdivision 1; 611.55, by adding a subdivision; 626.5572, subdivision 13; Laws 2021, First Special Session chapter 7, article 13, sections 73; 75, subdivision 4, as amended; Laws 2023, chapter 61, article 1, sections 5; 27; 30; 32; 47; 61, subdivision 4; 85; article 9, section 2, subdivisions 13, 14, as amended; Laws 2024, chapter 125, article 8, section 2, subdivision 19; proposing coding for new law in Minnesota Statutes, chapters 245A; 245D; 254B; 256; 256K; 256R; repealing Minnesota Statutes 2024, sections 245G.01, subdivision 20d; 245G.07, subdivision 2; 254B.01, subdivision 5; 254B.04, subdivision 2a; 254B.181; Laws 2021, First Special Session chapter 7, article 13, section 75, subdivisions 3, as amended, 6, as amended.

THOMAS S. BOTTERN, Secretary of the Senate

Schomacker moved that the House refuse to concur in the Senate amendments to H. F. No. 2434, that the Speaker appoint a Conference Committee of 6 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2115:

Schomacker, Gander, Noor and Frederick.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2434:

Schomacker, Gillman, Jacob, Noor, Keeler and Curran.

MOTIONS AND RESOLUTIONS

Kotzya-Witthuhn moved that the name of Falconer be added as an author on H. F. No. 3301. The motion prevailed.

Kraft moved that the names of Jones and Gottfried be added as authors on H. F. No. 3302. The motion prevailed.

ADJOURNMENT

Niska moved that when the House adjourns today it adjourn until 11:00 a.m., Thursday, May 8, 2025. The motion prevailed.

Niska moved that the House adjourn. The motion prevailed, and Speaker pro tempore Olson declared the House stands adjourned until 11:00 a.m., Thursday, May 8, 2025.

PATRICK DUFFY MURPHY, Chief Clerk, House of Representatives

